

EASTERN WORLD

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May 1959



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Dawn over Nepal

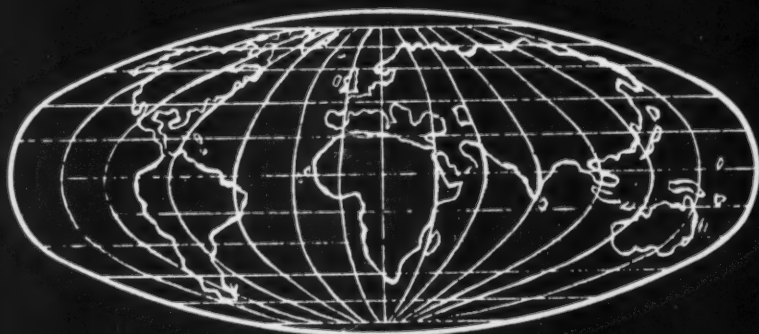
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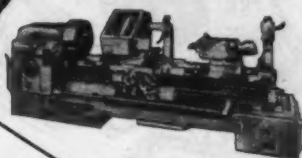
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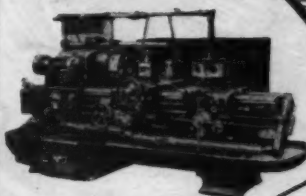
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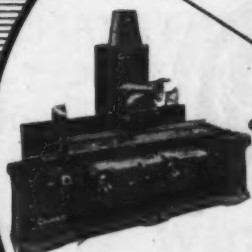
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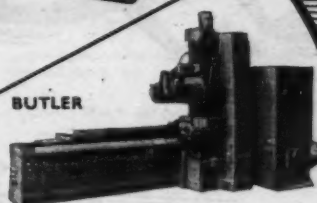
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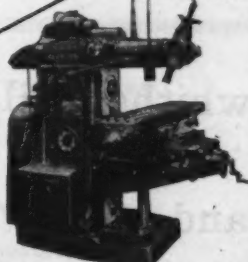
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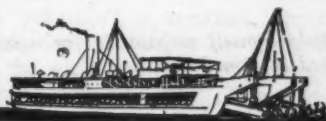
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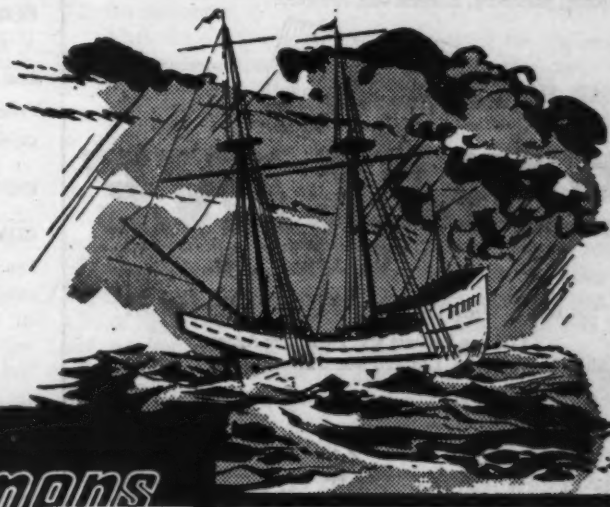
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The Editor does not hold himself responsible for opinions expressed in signed articles.

Front cover picture: These Nepalese children may expect a brighter future for themselves than their forefathers enjoyed. Their civic rights have just been granted in a new constitution, the first elections have been held in their country, and there is better hope than ever before that their economic position will improve. (See article p.16) (Photo: H. C. Taussig)

EASTERN WORLD

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Rot in the Roof

THE statement issued by the Dalai Lama when he met the cohorts of pressmen in Tezpur was undramatic and revealed little that was not already known about the situation in Tibet. It did, of course, confirm that the Dalai Lama left of his own free will, and also that the Tibetan people have never become reconciled to Chinese overlordship in their country. The document was remarkable for the absence of polemics, and not once throughout did it condemn, or even mention, the political complexion of the Chinese Government. This gives added weight to the view that it is not Communism as such that the Tibetan people are opposed to, but Chinese control, whatever its political flavour. It is as well that this point should be noted, for there are many who would wish to use the Tibetan situation as the rallying point of an anti-Communist crusade which would heighten tension in the whole of the Asian area, and embroil India in a state of affairs of which she is anxious to remain clear.

Having said this, however, it is obvious that if the Chinese authorities had not been so rigidly bound by their Marxist principles in facing the challenge of reforming an outdated feudal system, opposition to them in Tibet would not have reached such widespread proportions. The Dalai Lama talked about the increasing interference by the Chinese authorities in the exercise of religious freedom. In Communist eyes this kind of freedom in Tibet was intolerable. In several regions of China various religions continue to exist, and even flourish, but where they have undermined the social pattern imposed by the Communist regime, they have been "reformed" or curtailed. The religious life of Tibet circumscribes the day-to-day existence of every Tibetan, and the social system is determined by those who hold authority over the spirit. This has perpetuated a feudal system, completely unchanged for hundreds of years, and anachronistic in the mid-twentieth century.

It takes no great feat of imagination to realise the depths of frustration felt by Chinese authorities in Tibet when faced with this kind of situation. In China itself widespread landlordism had been wiped out with relative ease, and with the

cooperation of the peasant population. In Tibet the majority of the population, held in thrall by the monks, reacted against social change because it undermined the authority of their spiritual leaders and interfered with their religious beliefs. Communist attempts to tax the incomes and redistribute the lands of the lameries and monasteries turned the people against them, and even the free distribution of surplus foodstuffs grown by the Chinese army did nothing to alleviate the growing opposition because it only served to create a feeling of jealousy among the monkish elements. To the Chinese, with their Communist beliefs, the answer seemed simple—remove the offending lamas and monks. This proved to be no solution and confirmed the Tibetan view that Peking had no intention of honouring the agreement laying down Tibetan autonomy.

That the Chinese should have increased the traditional feelings against them is particularly unfortunate since the majority of young Tibetan leaders, as *The Times* pointed out last month, realise the need for change, and are anxious to see the implementation of reforms. The proper exercise of autonomy should have meant unobtrusive encouragement and help by the Chinese for these younger elements (among whom the Dalai Lama might well be numbered) to bring about changes in their own peculiar Tibetan way. It seems from the Dalai Lama's own story that he was willing to cooperate with the Communist authorities, and although he talks of apprehensive feelings among his people, he does not give the impression that he himself felt the same way. But he was unable to exercise his autonomous authority because "decisions in all important matters were taken by the Chinese authorities." In trying to rush reforms and secure Tibet within the Chinese People's Republic, the Communist authorities lost their main source of power in the country—the cooperation of the Dalai Lama.

There is certain evidence that even before the situation reached a state of crisis the Chinese had officially slackened their efforts at pressing home reforms in the face of Tibetan opposition, but the open revolt of the Khambas seems to have convinced the Chinese on the spot that they could not

entrust the position entirely to the Dalai Lama and his advisers if Peking was to maintain any authority over Tibet at all. In his account the Dalai Lama has left very vague the reasons why the situation flared up at this particular time, and why Tibetans around the region of Lhasa, who have, in the past, been most anxious not to involve their spiritual and temporal head in a conflict that might prove dangerous to his person, should in February have begun to become agitated. Autonomy had not worked for years, so it was not a spontaneous reaction to the stopping of it. What caused the dissident Khambas to suddenly appear in the Lhasa region is another question left in the air. The dry rot of opposition had been creeping from eastern Tibet across the "roof of the world," but what brought the timbers crashing down is still only a matter for speculation. The Chinese version is unlikely, and the Dalai Lama has not yet gone into details. On these details might turn the question of whether the Tibetan leader believes he can return to his country in the future, and that given suitable assurances, whether he could undertake the task of running an autonomous Tibet.

The question of autonomy is the key to the future. Mr. Nehru has mentioned three principles in relation to India's concern over Tibet: continued friendship with China; the desire to see real Tibetan autonomy; and the securing of India's frontiers. For India to abandon her friendship with Peking and revoke the Panchshila agreement would be disastrous. Mistrust and tension would grow, large scale military fortification would become necessary, and the peaceful development of India slowed to a walking pace. It would, moreover, not help in easing the Tibetan situation. Mr. Nehru has acted with courage and foresight because although he cannot interfere in Chinese affairs, he has made it plain

that India wishes to see the Tibetans living under their own autonomous system. As long as the relationship between India and China remains on a friendly basis (and China values it as much as India) the more likely is it that Mr. Nehru could, after gathering the loose threads of information together, help to mediate between the Dalai Lama and Peking. Because India's official attitude to the situation has been correct, and because she has refrained from condemnations, a basis of mutual trust and respect has been established. Peking cannot ignore India's interest and intimate concern over Tibet, and it might well be that Mr. Nehru could extract expressions of sincere intention from both sides that they have been unable to get between themselves.

As long as the Dalai Lama remains in exile the Tibetan people are not likely to calm down and follow the leadership of the Chinese-installed Panchen Lama. Violent outbreaks must be expected to continue, and these will be met with firmer Chinese measures. It is therefore in the interest of the Tibetan people that the Dalai Lama attempts to come to some agreement with the Peking authorities, and these, through Indian mediation, might well take the form of unwritten guarantees: on the Dalai Lama's part to become the responsible figure for bringing about widespread reforms and curbing Khamba dissidence; on Peking's part to refrain from interfering in Tibet's autonomous affairs, even if the process of change is prolonged. Chinese reactions to the grim view her Asian neighbours have taken of the Tibet situation suggest that Peking might well be ready to find a solution even at the expense of a small retreat from the positions China has assumed in Tibet since 1950. At any event, few want to see the spread of the rot, and most people who know Tibet agree that reforms are long overdue. Somewhere between these two there is surely a constructive solution.

PRESS UNDER PRESSURE

LAST month there were at least half a dozen cases of interference with the press in Asian countries, culminating in the take-over by the Pakistan Government of the progressive daily newspaper *Pakistan Times*, and its Urdu counterparts in Lahore and Karachi, *Imroze*. This kind of action is not confined to Asia, as a recent survey by the International Press Institute points out, but it calls into question the position newspapers in newly developing countries are expected to play. Is it supposed they should be only an uncritical medium of support for the Government as they are in totalitarian countries? Of course, the regimes in Pakistan, South Korea, and South Viet Nam, where three of the recent examples originate, are authoritarian and only make a weak pretence at being democratic, but in Indonesia, where three newspapers were closed down last month (they have since been re-opened), and Burma, where an editor was arrested, some trappings of democracy are apparent.

A few weeks ago we saw how the Indian press whipped up feeling about the issue in Tibet, and Mr. Nehru's strictures on inflammatory reporting were uttered because the

result might have been dangerous for India in her relationship with China. In countries with large illiterate populations a virile press has rather more power and influence than in countries where the mass of the people are sophisticated and capable of forming judgements, because its information and intellectual stimulus reaches a concentrated group who, because of their education, are closer to affairs and the seats of power.

Suppression or control of the press is bad wherever it occurs, but it is likely to appear more reprehensible where it is used to perpetuate authoritarianism than where, as in some newly developing countries, it is used as a safeguard against undermining the endeavour to build a democratic or benevolent system. The inevitable question is who is to decide which is one or which is the other. In Asia all countries claim to be creating the conditions for democracy — in Pakistan and South Korea, in Ceylon, Indonesia, and the rest. At basis it is a matter of whether democracy is suitable for the kind of conditions to be found in the Afro-Asian region at the present time. Democracy, as we know it in

Britain, has never flourished in any Asian country since independence, although India has perhaps come the nearest to it. The checks and balances on parties and governments in European society are the product of a growth of literacy and education over a long period of time. In this respect the world's newly independent nations are only on the threshold. Moreover, if they are to survive in a highly industrialised world their strides must be rapid, and the process of development towards a literate, sophisticated, and politically responsible society which encompassed about a century and a half in the West, have to be telescoped into a few decades in the new nations.

In conditions such as these it is never easy to judge whether certain actions, like control of the press, are to be condemned as outright bad, or tolerated for good. When most people argue about democracy they almost always quote instances that are merely the outward signs that democracy exists: as, for instance, freedom of the press. In examining the growth of certain countries where an attempt is being made to create democracy, or conditions in which it can flourish, the means are often confused with the ends. And it is the ends which are important—and confusing. No one without close knowledge of affairs in the individual countries of Asia can feel really certain which way they are tending. That is the reason for so much confusion of mind about Dr. Sukarno's policies in Indonesia, or Mr. Bandara-

naik's in Ceylon. There is less confusion in the minds of those who value democracy about the aims of President Syngman Rhee in South Korea or Ngo Dinh Diem in South Viet Nam, and none at all about those countries under Communism.

Under certain conditions the power of the press is as much a power for bad as it is for good, and where in those countries which are tending towards democracy on a social democratic pattern it is owned and controlled by privileged elements, events have shown that it is inclined to opposition. This was the case with the mass of the popular press even in Britain when a Labour Government was in power. Serious though this might be for a Socialist administration in Britain, it is infinitely more serious for those leaders in socialist-inclined countries of Asia, especially when they are aware that the details of democracy impress the world outside.

There is, therefore, no firm conclusion to what the position of the press should be in the newly independent countries of Asia, or more broadly, Afro-Asia, except insofar as it would seem largely to depend on what those in power are seeking for the future. In the period of growth, each individual case must be judged within the political context. If the trend is towards totalitarianism the maintenance of a free press is essential, in all other cases it is no less than desirable.

Comment

Singapore's Tainted Politics

ALTHOUGH Singapore is on the threshold of self-government, the situation there is causing increasing concern to all those who have placed their faith in the political maturity and sophistication of its party leaders. The break-up of the Labour Front, and its replacement by the Singapore People's Alliance (SPA), started the process of disintegration. The responsibility for this development lay very largely with the Chief Minister, Mr. Lim Yew Hock. As a political party, the SPA, has remained a heterogeneous group with no clearly-defined policy. The other parties of the right have demonstrated that they have no clear principles either. Against them stand the solid legions of the left-wing People's Action Party (PAP), expertly led by Mr. Lee Kuan Yew. It is now widely believed that in the elections heralding Singapore's independence, the PAP will be the likely winners.

The Singapore People's Alliance, the United Malays' National Organisation, and the Liberal-Socialists have decided to come to an agreement to prevent splitting votes, which would benefit the PAP. There is very little to hold them together; in fact, differences between the Chinese-speaking Chinese and the Anglicised Chinese are almost as acute as they were four years ago. To make matters worse, Mr. Lim is adopting a policy which can only aggravate these differences. There are many non-Communist (and democratic, Chinese in the PAP who agree with their leader

that the future of the island can only lie with Malaya. They are anxious to prove that the new constitution can be made to work, and to show that the political aspirations of the Chinese youth can be diverted to democratic methods of government.

It is true that some of the methods adopted by the PAP-dominated City Council under its left-wing Mayor, Mr. Ong Eng Guan, left much to be desired. Mr. Lee was no doubt concerned about the effect of the Council's activities on the uncommitted voters. Nevertheless the Council was performing a useful role in that it served as a forum for the PAP during the crucial pre-election period; its success

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in attracting some left-wing Malays and Indians was not without significance. By limiting the Council's powers, the Government has struck a blow against the PAP, but it has also harmed the cause of Malay-Chinese unity in Singapore. Moreover, It has exposed itself to the charge that it was acting out of a spirit of revenge after the humiliation caused by Mr. Chew Swee Kee's resignation from the Ministry of Education. (Mr. Chew resigned after allegations were made in the Legislative Council that a sum of 500,000 Malayan dollars (£58,200) was paid into his account as party funds, and an income-tax investigation into this was stopped).

The break-up of the former Labour Front, and Mr. Lim's desperate attempts to be re-elected at all costs have introduced a spirit of vendetta in the colony's politics just before it is to receive its new Constitution. The Government, the civil service, and the City Council have all been thrown into disrepute. Two investigations are being carried out concurrently; one into the Chew Swee Kee affair, the other into the activities of the City Council. Meanwhile the Legislative Council will be dissolved, and the election campaign (with Mr. Lim's threat of conducting "dirty" politics) will be in full swing. It is a sad commentary on the affairs of men when a leader destroys his own party for the lure of office.

SEATO Ailing

YET another dreary communiqué was issued by the SEATO Council of Ministers after their meeting last month in Wellington, New Zealand. It claimed that SEATO was providing an "effective deterrent" to aggression

in the treaty area; that member states were convinced of the value of a collective security organisation; that they would take more energetic measures to meet the threat from subversion; and that the economic and social aspects of the treaty would receive greater attention in the future. On Chinese intervention in Tibet, the delegates present made appropriate noises expressing indignation and concern.

The communiqué made no mention of the patent weaknesses of the Organisation, but these have become more and more clear each year. In spite of its five years of existence, no South-East Asian state, apart from the three original members — Pakistan, Siam and the Philippines — has considered becoming a member. Malaya, which has suffered from Communist activity, remains suspicious of it. Laos, which is covered by a special protocol, will not be invited to join for fear of provoking the Chinese Communists and North Vietnamese. Relations between Cambodia and Siam have worsened as a result of the organisation. India, Indonesia, Burma and Ceylon, with a total population of over 5 million, have unequivocally condemned a military organisation which has five non-Asian, and only three Asian members.

One significant fact which emerged at Wellington was America's impatience with SEATO as such. The Americans made no attempt to satisfy Pakistani and Siamese demands to strengthen the military side of the Organisation. The idea of a "fire brigade" force, the nucleus of a standing army came to nothing. The State Department has come to accept the view, although belatedly, that poverty, not direct Communist aggression is the main cause of discontent in Asia. It prefers to base its defence arrangements on bilateral treaties with member countries, on the pattern of the recent defence pacts signed separately with Turkey, Persia, and Pakistan. At the same time, it will tighten its machinery for distributing economic aid, and set up private corporations in Asian territories to help with the task of industrialisation. That the US has at last begun to realise the nature of the challenge in South-East Asia is a heartening fact. It no longer attempts to counter a Communist economic and trade drive by organising a purely military shield. On the other hand, it must also become aware of the fact that economic aid offered through a body like SEATO will remain suspect, and alienate the mass of neutralist opinion in the region.

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Bandaranaike Looks to the Future

INDONESIA is about to return to its 1945 "revolutionary" constitution, following the announcement some weeks ago by President Sukarno that the system under which the country was working had proved not to be beneficial to the development of a stable democratic republic. Hot on the heels of Indonesia's decision comes the memorandum to political leaders from the Ceylonese Prime Minister, Mr. S. W. R. D. Bandaranaike that the British system of Government under which Ceylon has been operating was not suited to the country's needs. Mr. Bandaranaike agreed that the British system had proved successful in the United Kingdom, but he thought it was wrong to assume that it was best or even likely to succeed in countries where circumstances were different.

The burden of the Ceylon Prime Minister's argument is that the existence of an opposition in Parliament retards progress, and that every elected member should have some say in the administration, through committees, so that frustration, and hence disruption, can be eliminated.

If Mr. Bandaranaike's suggestion that a State Council, on the 1947 pattern, be reintroduced into Ceylon is accepted by Parliament, India will be the only country in South-East Asia with effective opposition benches. Should this be regretted? Looked at from Britain with emotional attachments to Parliamentary government the answer may well be in the affirmative. But careful study of the way imported western parliamentary systems have operated in Asia, with their consequences taken into account, gives reason for pause. The peaceful economic development of countries like Ceylon, Indonesia, Burma, and Pakistan has been seriously curtailed by political bickering about details. Politics had become a free-for-all game in which individuals as often as not used their position to increase their own personal following, or power.

Ceylon has just passed through a period of terrible communal trouble so that Parliament has been split not only along political lines but along racial ones as well. If the country is to get down to tackling the serious economic problems that face the country there must be some cohesion, otherwise the dangers are magnified. The lesson of these dangers is apparent in Pakistan's recent history. Stability there has had to be provided by the military. The same situation has been staring Indonesia in the face, and they have taken a decision such as Bandaranaike now proposes, which time may well show to have been an extremely wise one, of securing the state, and all that implies, against disintegration. No one however dedicated can build democracy on a foundation of confusion and chaos, and there is little doubt that democracy is the eventual aim of both countries.

In the first decade after independence most of the countries of the South Asia region tried parliamentary democracy, and it has not been a signal success. In the second decade some are entering an era of the kind of dedicated benevolent leadership that has hitherto been in the background. By the time they enter on the third decade we may be applauding their success.

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Cold Peace Talks

CHINESE anti-British hints in connection with the Dalai Lama's escape, have had little repercussions in South-East Asia. On the contrary, there seems to be a rather more friendly attitude, particularly in India, where great hopes are being set on Britain's part in the forthcoming Foreign Ministers' Conference in Geneva. It is hoped that the British representatives will stand up to American pressure and will use their influence to call for summit talks. This question of a Summit Meeting rates high in Asian opinion which nurtured on the ideals of Panchshila, not only considers negotiations on the highest level essential for solving the deadlock of the cold war, but which up to now has refused to accept any reasons advanced against such talks.

Rightly or wrongly, Germany, France and — since her recent agreement to allow nuclear bases on her territory — also Italy, are now considered the main obstacles to a lessening of the international tension. For, Asian politicians and newspapers argue, without these three European countries America would find it difficult to maintain her rigid — and often illogical — attitude towards peaceful negotiations. Britain, though until recently considered entirely subdued to Mr. Dulle's policies, is now being given the benefit of the doubt, and Mr. Macmillan's visit to Russia and his subsequent, apparently quite successful "softening up" of Washington — helped by Mr Dulle's exit — have revived hopes in the East of a possible new and more independent UK policy which may yet lead to summit talks.

France, on the other hand, has been watched with great

critical interest because the trend of militarily-backed "strong man" governments which have started their appearance in Asia, was said to have been modelled on General de Gaulle's new regime. Today every crack in the de Gaulle set-up is noted on the premise that what happens in Paris today might happen in Karachi tomorrow. Thus it is rumoured that Prime Minister M. Debré does not see eye to eye with General de Gaulle, and that Foreign Minister M. Couve de Murville, together with Finance Minister M. Pinai, are ignoring M. Debré and do not consult him on their reports to General de Gaulle. M. Debré, it is alleged, does not agree with General de Gaulle's opinions on Franco-German cooperation which he considers to be against the vital interests of France; with his policy in Algiers; and the Common Market idea which he argues will decrease France's European business. It is, therefore, expected in Asia that M. Debré will soon be forced to resign, though this will have to be done delicately in order to avoid the impression that cabinets are as likely to change under General de Gaulle as they were under the 4th Republic.

Attogether, it is to be hoped that Asian opinion will gradually begin to exercise a beneficial influence on the actions of the Western powers and that their moral support for a Summit Conference will bear results.

Malayan Alliance Puts It's Foot Down

TUNKU Rahman has now left the premiership of the Malayan Federation and handed over the Dato Abdul Razak. When he originally announced his decision two months ago he gave as one of the reasons the intention of reorganising his party. Whether by this he expressly meant the United Malays National Organisation, or the Alliance (of which UMNO forms part) has never been made clear. There is certainly cause for worry about the Alliance as a whole, and of the Malayan Chinese Association (another partner to it) in particular. The Alliance was the party that led the way to independence, and it won fifty of the fifty-two seats at the first general election, but in the short space of eighteen months since *Merdeka* (independence) it has steadily lost ground among the Malayan people.

This month the long round of elections begins; there are to be eleven for state councils, ending in August with the general election for the Federal Parliament. The Alliance is contesting all seats which means it has to find over 400 candidates. The Tunku is obviously worried that some of



Letters to the Editor

ACHIEVEMENT IN PAKISTAN

Sir.—"Ayub Goes His Own Way" — your editorial of February 1959.

You agree (since you imply it) that India has benefited (as has Pakistan) from Ayub's coming into power because the refugees of India now after 11 years are going to be housed and rehabilitated — to keep pace with Pakistan.

The General is too much inclined to think that the situation can be saved by surgical methods — you say. I say maybe it is early to say that. You agree that a certain surgical operation has been necessary and that the General has also shown political sagacity by exercising restraint and moderation.

As to what the military regime is going to put in its place (personally, I am for its perpetuation), General Ayub has about said that his Government are for educating the people to be brothers and sisters.

Also the seeds of a political ideology are being sown. A sense of achievement is being born, too, of patriotism and of a mission that Pakistan has come to win the respect of the world.

The question is also suggested by your editorial: Was there a political ideology in Pakistan ere this? And if there was, was it not being undermined by unsettled conditions?

Yours etc.,

Karachi, Pakistan.

PAUL MENEZES

COMMON MARKET

Sir.—With reference to your article "European Common Market and Asia" (February issue), it appears that the apprehension by Asian countries that the establishment of the Common Market in Europe might favour financial investments in overseas territories of these European states and thus curtail the availability of funds for Asia was well founded.

Nobody grudges economic and financial assistance to underdeveloped countries in Africa. But "favouritism" due to purely political ties between the six European countries is a very wrong approach at the time of "world hunger for capital."

It is reported that during the first five years, sums to the value of over \$580 million (US) would be contributed—as a "development contribution"—to the overseas territories of the Common Market members (West Germany and France are to contribute sums to the value of \$200 million each)—and this in addition to investment programmes by individual European countries in their own overseas territories.

Yours etc.,

Geneva.

F. K. KRANZLER

US BARTER TRADE

Sir.—A great deal of publicity is given to Chinese and East European Barter

Deals with other countries and criticism is levelled at this type of commercial transaction which disrupts the normal flow of international trade.

But very little is published on United States barter trade, carried out under the auspices of the US Commodity Credit Corporation and the US Department of Agriculture, and mainly consisting of American surpluses of farm products exchanged against various ores and metals. Recent barter transactions included US wheat against Indian manganese ore, and US tobacco against tin from Thailand (apparently outside the agreed Thai export quotas for tin). There are many other cases of similar agreements, and it would be advisable to publish regular reports on such deals and their implications to third countries.

Yours etc.,

Sydney, Australia.

N. W. FRITH

(Note: Such agreements are known to us, and in fact the US Department of Agriculture has a list (which is revised from time to time) of goods which are eligible for exchange against American farm products surpluses. However, we invite our readers to report on negotiations and conclusion of all barter deals with their comments on the implication of such agreements.—Ed.)

these are not of the right calibre. The Present Government is not very much worried about opposition in the elections, because by the publication of various decrees, and the arrest of large numbers of politically vocal Malays and Malayan Chinese, it has effectively insured that the Alliance will sweep the board.

The arrests have been taking place over a period of months and in a recently published document the Government justified its action by saying that it had evidence that the Malayan Communist Party, now virtually beaten in its campaign of jungle terrorism, had issued orders to its followers to infiltrate non-Communist parties in an attempt to turn the people against the Alliance in the elections. No detailed facts were given to substantiate the evidence, although there is no reason to doubt its authenticity. Two clear factors emerge, however. In the first place, anyone in any party opposing the Alliance who talks in a progressive fashion can be arrested as a fellow traveller or pro-Communist dupe — there is no way for them to prove otherwise. It is known that many of those arrested are sincere Socialists and a few had close contacts with democratic Socialists in Britain. The second factor is that if the activities of those arrested were meeting with support among the electorate, it points to something drastically wrong with the Alliance party at the lower levels.

When Malaya was moving towards independence there

were many (and this journal was among them) who said that if the Malayan Government wanted to meet the Communist challenge once the jungle war was over it ought to allow the Malayan Communist Party to fight as a legalised party so that it could be beaten in the open. That they have failed to do so has led to a situation where it appears the Alliance leadership is using the Communist infiltration argument to stifle opposition. Because the MCA has never represented ordinary Malayan Chinese opinion it was to be expected that the younger Chinese would oppose it at the elections. But it is not only the Malayan Chinese that have been showing signs of dissatisfaction; Malays and Indians have been joining multi-racial opposition groups.

When Tunku Rahman really gets down to examining the workings of his party at the lower levels he may be able to recognise why subscriptions to UMNO have not been paid by many who joined it in the halcyon days, and why the MCA has practically no party support. He might also be able to distinguish at the village and urban level between Communist infiltrators and those non-Communists who believe rightly or wrongly that the Alliance does not represent their political and economic aspirations. Locking up the vocal elements of an electoral opposition might ensure an Alliance victory at the polls, but it does nothing to secure its future position as a party representing the people.

THE POLITICS OF ECONOMIC AID

By Harry F. Bangsberg

THE predicament of South and South-East Asian nations has been likened to that of the Red Queen in *Alice in Wonderland*: They have run as fast as they can in order to stay where they are. There is some justification for the hope, nevertheless, that this will not always persist. Their own efforts and growing experience in development ventures, coupled with an increase in external capital and technical assistance, should provide the necessary acceleration. In this process, external aid is of great importance, even though the primary cause of its provision may be to prove to Asians that one friend is better than the other. And in this connection, many may regard it as fortunate that increased Soviet assistance efforts seem to be prompting a greater and somewhat changed response by the United States. On the surface at least this should prove beneficial to the underdeveloped Asian nations, especially the uncommitted ones. For Pakistan, among others, has complained recently that participation in SEATO has not brought economic rewards commensurate with having to forego assistance from the Soviet bloc.

Until the death of Stalin, the Soviet Union had shown little interest in the economic plight of the governments in South and South-East Asia. But since 1953 the Kremlin has mounted a three-pronged offensive — economic aid, technical assistance and trade — that, while illuminating the picture in parts of Asia, is causing grave concern and, possibly, a change of tactics in America. In four years, the Soviet Union and its satellites extended more than \$2,000 million in credits while trade doubled. In 1958 alone, the Soviet Union made available an estimated \$850 million in new credits and its offensive moved into Ceylon, Iran and Pakistan, bringing the countries receiving aid to seventeen. By 1957, nearly 3,000 Soviet technicians were in underdeveloped lands, while some 2,000 Asian students were studying in Soviet institutions. This prompted the belief that Russia was willing to leave tasks undone at home to extend its influence elsewhere. Comparable figures for the United States were 5,000 American technicians abroad, and an equal number of students in the US.

So far the Russians have not exported much in the line of consumer goods, instead arranging to purchase raw materials and dispatching experts and technicians to build factories. At an ECAFE meeting in Bangkok during January, 1958, for example, a Soviet delegate said his Government would buy rubber, wool, cotton, rawhides and spices in return for farm machinery, an arrangement which some feared might freeze the West out of needed export markets. A delegate recalled a previous Burmese deal with Russia, in which the Soviets bought large stocks of Burmese rice and later sold the rice at reduced prices in Burma's normal markets. A cursory review of developments within the past year indicates a number of typical arrangements between Asian nations and the Soviet bloc. In early 1958 it was revealed that Moscow had offered Ceylon a credit of up to \$28,500,000 as part of

its aid programme. The money was to be made available over a ten to twelve year period at the exceedingly attractive interest rate of two and one-half percent. Soviet technicians have struck oil at a number of locations in India, and Russia now is second only to the United States in training Indian engineers. Elaborate ceremonies marked the official opening on February 4 last of a blast furnace at Bhilai built by the Soviet Government. It was reported that this was in sharp contrast to the simple and earlier inauguration of a West German-built steel plant at Rourkela.

In early January this year it was reported that Nepal had been offered a long-term credit of 30 million roubles, which was not extensive compared to American aid of \$2 million for fiscal 1959 alone. However, it seemed to place little Nepal in a better bargaining position for increased assistance. During the same month, Indonesia signed an agreement under which Soviet specialists would help to construct a number of projects there. It was negotiated within the framework of the \$100 million Soviet credit that the two nations agreed on in September, 1956, and that Indonesia got around to ratifying in the spring of 1958. Apparently the first major economic venture between the Soviet Union and Indonesia brought confusion and anger. This was the Madukiamo sugar mill built by East German technicians.

The start of the Soviet economic offensive created little noticeable concern in the United States, where it was regarded as trifling when compared to the vast amounts allocated by the American Government. By 1957, however, this attitude of complacent smugness began to undergo some revision, and by January, 1958, the American State Department was admitting that the Soviet Union was fulfilling its agreements with considerable dispatch, while the behaviour of Soviet technicians had given rise to few complaints. The Department added that recipient countries seemed satisfied with past performances and wanted more aid from the Soviet bloc. Americans began to realise that Moscow had been preparing for this offensive for years and had educated thousands of specialists in the languages and problems of foreign nations. Furthermore, Soviet experts were servants of the state and could not be drawn off by the tempting offers of competing businesses. In America, however, the expert often left government service for the more lucrative promises made by private firms. In addition to their skilful foreign aid programme, the Russians also were able to boast of tremendous increases in their rate of productivity, along with that of Communist China. Observers in America took pains to emphasise that such developments could be interpreted in many neutral capitals as gauges of the relative worth of Communism and non-Communism.

The American response to this increasingly effective Soviet challenge in a field in which the United States often believed it held a monopoly may be seen in several developments, some of which, of course, are not solely related to Communist activities. Included are demands for a re-evaluation of the entire American foreign aid programme, with a probable curtailment of military aid and a corresponding

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increase in capital and technical assistance; increased private investment abroad; the Development Loan Fund and the so-called Monroney proposal for a Second World Bank which would lend money at lower rates of interest.

For some time now there has been a growing realisation that the United States foreign aid programme is not doing the job for which it was intended. It has been charged, especially, that the Government has placed too much emphasis upon military assistance at the expense of capital and technical undertakings, for military aid, at times, has accounted for up to ninety percent of an appropriation. In November, 1958, for example, the Secretary of State, Mr. Dulles said that, in his judgement, America was spending too much on military aid and slighting the economic. This tone also had been taken by eight Democrats on the powerful Senate Foreign Relations Committee, who demanded in August, 1958, that the President place more emphasis upon economic aid in his 1960 Mutual Security Programme. They said their own extensive studies had convinced them that the unequal emphasis upon military aid was the major and most costly shortcoming in the entire assistance programme.

The stand taken by the eight Senators probably played a part in Eisenhower's nomination of the so-called Draper Committee on November 24, 1958. This nine-member committee, including a preponderance of persons with military backgrounds, was requested to make an independent, non-partisan appraisal of American foreign aid expenditures, with a special eye to any changes necessitated by new conditions. It was to make a preliminary report to President Eisenhower by March 1, 1959, to help him further formulate his 1960 budget request. The Committee had visited South Korea and Formosa, nations which already receive a large proportion of military and economic aid. As might be expected, Governments in both nations voiced demands for increased amounts of military assistance and newer weapons and equipment.

In January this year, President Eisenhower requested Congress to appropriate \$3,930 million in foreign aid funds for the next fiscal year, which represents about the same amount as requested for the 1959 fiscal year which ends on June 30. Some curtailment of military assistance already is evident, however, for direct support aid is down from \$1,800 million to \$1,600 million. On the other hand, the Administration has requested \$700 million for the Development Loan Fund compared with \$625 million last year, as well as a special supplementary allocation of \$225 million. Even this allocation for the Fund is not up to State Department desires. C. Douglas Dillon, Under Secretary of State for Economic Affairs, hoped for \$1,000 million for each of five years, but Treasury demands for economy prevailed. The President also asked \$211 million for technical assistance compared with \$164 million in fiscal 1959. The next move is up to Congress, where criticism of this tight and purportedly balanced budget is growing.

At the Colombo Plan meeting in Seattle last November, President Eisenhower set the stage for another change in American foreign aid tactics by placing a high premium on increased American private investment abroad. In his speech to the ministerial delegates, Eisenhower pointed out that the resources of private American capital were far larger than the amounts which the government could provide. He thought it advisable for the underdeveloped countries of South and South-East Asia to more fully explore the potentials of private investment and to seek to foster a climate conducive to foreign capital. That these remarks fell

on interested ears was evident by the responses of a number of Asian delegates who emphasised that their respective governments were endeavouring to make investment opportunities more attractive than ever before. From the American side it would be necessary to stimulate investors through various incentives and by making Americans aware of investment opportunities in Asia. At a special "backgrounder" briefing for American journalists at the conclusion of the conference, a top State Department official forecast an early increase in private investment in India because of a much-improved investment climate. Questioned as to how the United States hoped to further stimulate Americans to investment abroad, he discussed several possible actions, but admitted no definite course had been agreed upon.

While it was readily agreed that more American investment capital must find its way to Asian shores, the precise inducements to be granted, especially by the United States Government, have touched off a wrangle in Washington. Already the charge has been made that the President's desire represents little more than another bold raid on the Treasury by Big Business. In his January budget message to Congress, Eisenhower specifically called for expansion of the growing investment guaranty programme. Started in 1948 by the old Economic Cooperation Administration, this programme features the United States Government insuring overseas investments against expropriation, war and blocked profits. Policies bear a certain low premium which the insured firms pay, and in the event of a claim the Government makes full restitution to the insured and then negotiates to recover compensation from the country with which it has such a guarantee treaty. At last count, thirty-eight nations, one of the newest being the Federation of Malaya, had signed such instruments. Despite barbs from some quarters that this is a ridiculous example of free enterprise or rugged individualism in operation, Government officials have advocated expansion to include revolution and insurrection as distinguished from war. This may have been prompted by events in Cuba, the Middle East and Asia.

The Ways and Means Committee of the House of Representatives held hearings during December, 1958, on possible ways of stimulating private foreign investment. Many of those testifying emphasised the need for changes in the tax laws. That caused one critic to observe that potential American investors wanted to be assured "that the United States Treasury was with them, ready to bear the losses while deferring, reducing, or altogether forswearing the usual taxpayer's mite on the profits." J. H. Smith, recently resigned as director of the International Cooperation Administration, and Dillon of the State Department, insisted that American investors were not receiving tax aid sufficient to offset the risks of overseas investment. Dillon reported that the State Department, in its current tax treaty negotiations, was preparing to give American firms tax credit for foreign taxes forgiven by other countries. He explained that if a nation waived a certain percentage of taxes on American investment within its borders, the United States also would forgive the tax and grant a tax credit for it.

Considerable emphasis has been placed upon the relatively new Development Loan Fund, which has become the Government's chief agency for lending funds to underdeveloped nations. It was established by the Mutual Security Act of 1957, but its treatment at the hands of Congress has dismayed many of its backers. As originally envisaged by the Administration, the fund was to be a long-range weapon

against the Soviet economic offensive. An Administration request for a three-year authorisation of \$2,000 million was blocked, since Congress is reticent to appropriate for more than a year. Congress appropriated \$300 million for the first year and authorised, without voting the funds, an appropriation of \$625 million for the second year. But when the time came to appropriate the second instalment last summer, Congress approved only \$400 million.

The action taken by Congress forced President Eisenhower to request that the legislators grant an emergency \$225 million to bolster the dwindling amount left in the fund, placed at \$20 million by February this year. This request, emphasised in the January budget message, has since run into a roadblock in the House Appropriations Committee. Representative Otto E. Passman, Democrat of Louisiana, and long an opponent of foreign aid, has refused to set an immediate date for a hearing on the President's emergency request. He has indicated that he may not get around to this matter until May or June, when the Congress will be considering the new foreign aid bill with its request for \$700 million for the Development Loan Fund. And by that time Congress may presume that a need no longer exists for a supplementary appropriation.

One major selling point of the Soviet economic offensive has been the low-interest rate it has charged needy governments in South and South-East Asia. Soviet loans have carried, generally, two and one-half percent interest, while

charges by the West, or the International Bank for Reconstruction and Development, have been higher. Coupled with this has been the problem of repayment, especially in local currencies. Senator A. S. Mike Monroney, chairman of the Senate Banking and Currency subcommittee, probably had some of these matters in mind when, in February, he called for studies on his proposal to establish an international development association to be associated with the World Bank. Monroney, evidently, also wanted to get away from the political implications often attached to bilateral loans, as well as to ease some of the financial burden which has fallen upon American shoulders. Such an institution would enable the World Bank to supplement its present bankable loans with long-term, low-interest arrangements repayable, at least in part, in local currency.

At first the Administration was somewhat unreceptive to the proposal, but by May, however, it was more approving, possibly because of informal discussions between Government officials and Eugene Black, president of the World Bank. The Monroney plan for a Second World Bank subsequently was studied by an advisory council and in September, 1958, the President requested the Secretary of the Treasury, Robert Anderson, to obtain reactions from other countries. It was reported in December that American officials were reasonably confident that the agency would be established, and there was hope that its charter would be agreed upon in time for submission to the Congress which is now in session.

DAWN OVER NEPAL

By H. C. Taussig

OVERSHADOWED by the recent, more spectacular events in neighbouring Tibet, developments in Nepal have been allowed to slip by almost unnoticed. Yet, what has happened there in the past few months was of the utmost importance in the history of that Himalayan kingdom: in February, King Mahendra proclaimed the first Constitution of the country, and the same month saw the launching of its first General Elections. According to preliminary figures (the results of the elections took two months to be collected) the Nepal Congress swept the polls with 78 votes, the Gorkha Parishad won 19, the United Democratic Party 5, the Communists 4 and the Nepal Prajad Parishad 3 votes. At the time of writing, no prime minister has yet been appointed by the King, though it must be expected that B. P. Koirala, Chairman of the Nepal Congress, or General Subarna, who belongs to the same party and until now was the Chairman of the Council of Ministers, will form a cabinet.

Before the elections were due to start, I flew to Nepal on one of the daily planes which cross the first Himalayan range between Patna in the Indian State of Bihar and Nepal's capital, Katmandu. The flight, exciting for its beauty, was also an object lesson in the difficulties confronting Nepalese administration. For many miles the plane traverses the impenetrable jungle of the Terai, where communications are so difficult that it had taken almost a week to reach the wreckage of a plane which had crashed there a short time before my journey. Then, the glistening chain of snow-capped Himalayan giants at the Tibetan border rises to a near horizon, with 28,000ft. Kanchanjanga and Mount Everest. Meanwhile, you fly over the steep, forbidding slopes with occasional huts perilously perched over vertical abysses, torrents tearing narrow valleys apart, and the whole wilderness which



"A dream-like stage setting of the past which has not moved"
(Photo H. C. Taussig)

confirms the belief that there is probably no other country in the world with so few means of intercourse between its various cut-off, isolated areas. One has to bear this in mind when, after another 50 miles, the plane lands in the lush, fertile Valley of Katmandu, and remember that only 30% of the 8½ million Nepalese live there while the remaining 70% have to eke out a living in the barren, craggy hills.

But in all other respects, Katmandu, together with its valley, is Nepal. With its hundreds of shrines and Hindu temples, its bazaars and markets, schools and hospitals, it is the centre of the country. Flanked by two ancient former capitals, Patan and Bhatgaon, with their thousand-year-old Durbar squares, golden



H.M. King Mahendra of Nepal

(Photo H. C. Taussig)

gates, carved temples, a dream-like stage setting of the past which has not moved, and alive with a colourful crowd of the various hill peoples of the country and from Tibet, its towering statues of deities and ringed by the pearl necklace of the glaciers, Katmandu is the kernel of Nepalese culture. Yet, most of all, Katmandu is the residence of the King and Government, the alpha and omega of Nepalese life.

The explosion of Nepal from its mediaeval isolation into the mid-twentieth century is, in its way, as sensational as the achievement of contemporary aviation to break the sound barrier. The momentous process started with the revolution against the Ranas by King Tribhuvana in 1950-51, and has now been given practical shape by his son. The transformation of a backward, feudalistic country into a modern democracy is not an easy task under any circumstances. But in Nepal it is fraught with such difficulties that one's full admiration is due to those who attempt it.

The remote Kingdom of Nepal belonged, until very recently, to the most inaccessible regions in the world. Not only geographically, but because it was hermetically sealed off under its former Rana rulers. The Ranas, who had conquered the country just over a century ago, exercised an absolute, feudalistic dictatorship under a hereditary prime minister, the Mahara, running the country exclusively for their own benefit. The misdeeds of the Ranas are still on everybody's lips today in Katmandu, and it will take years before the effects of their iron misrule can be repaired. Ranarchy did not allow the emergence of a middle class, prevented education and outside contacts except as far as these were needed for their own primitive administration. There are three groups of Ranas: (a) legitimate sons of married Rana parents; (b) of mixed legitimacy; and (c) illegitimate offsprings. The Ranas kept the kings of Nepal virtual prisoners, only occasionally allowing them to participate in some state functions. The end of their rule came in November, 1950, when King Tribhuvana, tired of being a mere tool of Ranarchy, contrived to outwit them and, with the help of India where he asked for asylum, succeeded in taking over the reins of government himself.* In February, 1951, he granted fundamental rights to his people, and appointed the first cabinet.

Since then, the country has been undergoing all the teething troubles of a newly independent, underdeveloped state. Endless complications, mainly based on still immature political manoeuv-

ings, inexperienced administrative personnel and the general backwardness of the country, as well as the regrettable, premature death of King Tribhuvana in March, 1955, considerably delayed the introduction of democratic machinery in Nepal.

However, the country has been fortunate in that his successor, King Mahendra, is an amazingly strong, single-minded personality, almost fanatically devoted to the progress of his country and determined to implement the ideals of his father, though in his own, well-thought-out way. King Mahendra is fully aware of the advantages of his semi-divine position in the minds of his people. He is not willing to abandon the powers vested in him in favour of anyone who might be less disinterested or less impartial than he himself is. At the same time, he earnestly desires to guide his people towards a more modern conception of statehood. His 77-article Constitution—drafted with the help of experts like Sir Ivor Jennings—is, therefore, a careful compromise between constitutional monarchy and royal prerogative. His Constitution is really a "royal gift," not one that the people have formed for themselves. The King's sovereignty is still supreme, as he can, at his discretion, suspend the Constitution at any time and "assume to himself all or any of the powers" exercised by Parliament and the Government. Also, after elections, it is not the leader of the winning party who is automatically called to form the cabinet, but he whom the King will select as commanding, not in fact, but in "Royal opinion" a majority in the *Pratinidhi Sabha* (Lower House). In addition to this elected body of 109 seats—whose Speaker, however, must not be an elected member—there is a *Maha Sabha* (Upper House) with 36 members of whom 18 will be elected by the Lower House while 18 will be nominated by the King. Further, the Constitution creates a *Rashtriya Sabha* (Privy Council) composed of all Ministers, former Ministers and others nominated by the King.

On the other hand, the new Constitution confers fundamental rights on the people, including personal liberty, equality before the law and economic, political and religious freedom. It also provides for safeguards against encroachments of these rights. Another important innovation is the establishment of an independent Public Service Commission.

It will be seen from the character of the Constitution that the King's powers remain almost absolute, and that its working will depend, to a large extent, on the King's pleasure. However, King Mahendra himself is perhaps the most progressive force in Nepal today, and the most stable factor in his country's political life. This has, up to now, been only natural. For none of the appointed, non-elected governments had any measure of popular backing, nor security of tenure, sufficient authority or decisive responsibility for any particular programme. The safeguards left open by the King for his own powers can also be understood in the light of the erratic and not always mature running of the confused body politic of Nepal, with a plethora of political parties and individual politicians often working at cross purposes against each other to the detriment of the country. Under these circumstances, King

Mahendra's "gift" is as much as may be expected, and it is certain that the King, whose insistence made the General Elections possible, will operate his Constitution towards the building up of democratic traditions of his country. Yet, it is also certain that under a less enlightened King, the present Constitution may not prove



B. P. Koirala

(Photo H. C. Taussig)

* See EASTERN WORLD, February, 1959, p.30.

satisfactory for a meanwhile more progressed electorate, and one must expect demands for drastic changes in the Constitution to come up sooner or later.

Perhaps even more significant than the promulgation of the Constitution was the holding of the General Elections. Not only was it an extraordinarily complex undertaking, but it is a milestone in Nepalese progress, as it is likely to introduce stability of a popular government. During the eight years since the removal of Rana rule, nine governments have been appointed by the Kings, mostly formed of coalitions from parties and individual politicians. The last of these appointed governments, which undertook to carry out and supervise the elections, turned out to be as effective as could be expected under prevailing circumstances, and while it did not represent the electorate, it nevertheless represented a fair coalition of the most popular elements in the country and successfully carried out the difficult task of

organising, impartially, the first ballot. The Chairman of the Council of Ministers, General Subarna, is a respected and able personality who, no doubt, will continue to play an important part in his country's political life, all the more as he is a member of the victorious Nepal Congress.

General Subarna is one of those Ranas who are supporting the changes in Nepal and who, though having lost substantial privileges, have chosen to serve their country to the best of their ability. He received me in the Singha Durbar, the enormous former palace of the Rana Maharajas whose several hundred rooms now house the administration, and explained his main problems which, even after the elections, remain the same obstacles to effective administration. They also revealed the chaotic picture of the political scene which the elections have helped to sort out. There were, for example, many political parties and individual politicians whose actual connection with the electorate was an enigma, as they had never been put to the test, and who confused the political arena.

These being the first elections, nobody expected the people to realise fully the issues involved. But there was an astounding interest all over the country, each constituency being fought for by an average of 8.9 candidates. Apart from the main political parties: Nepali Congress, Gorkha Parishad, Communists, United Democrats and Prajad Parishad, there were several minor parties and 380 independents contesting the 109 seats. It was feared that the majority of the people, in their inaccessible hill hamlets, would vote for those they knew, and whether these local politicians would be independents or party candidates, nobody could predict. It was impossible for all party leaders to canvass in the hills, and some villages did not even know of the different party platforms, but were expected to be swayed by personal loyalties. This created some anxiety—as it happened, unfounded—as it was believed that elections which would not give one party a clear majority would again lead to unstable coalitions.

From the standpoint of administration, communications were the biggest election problem. Fortunately, about 70 radio transmitters plus technicians had been lent by the British and Indian Governments to Nepal, so that contact between election com-

mittees became possible. Even so, the counts took two months.

But the administrative difficulties will remain for the new elected Government to be solved. There had been no proper administrative apparatus under the Ranas and no civil service rules. Even after the revolution, those Ranas who remained in the country—many went into comfortable exiles—were the only ones fit to serve as civil servants, and there is a large and still powerful element in key positions resisting any reform whatsoever. It will take a strong, energetic popular Government to reorganise the antediluvian administration.

Fortunately for Nepal, the winning Nepali Congress has a strong leadership, both in its 45-year-old Chairman, B. P. Koirala, and its General Secretary, Surya Prasad Upadhyaya, and the membership of such distinguished people like General Subarna is one of its most formidable assets. Mr. Koirala, a highly intelligent and sincere man, lively and energetic, must now be considered responsible for Nepalese political developments, whether he will be premier or not. In the past, he proved himself a man of almost inflexible principles. After the revolution, he resigned from the Government when he was prevented from cutting down the economic power of the Ranas whose hold was—and still is—considerable. He then had differences with his brother, M. P. Koirala, who succeeded him as Prime Minister. B. P. Koirala insisted that the King should function as a constitutional monarch, that reforms should be introduced immediately after the revolution and that government must be responsible to the party, and not only to the King. Eventually M. P. Koirala left the Congress and formed a party of his own which King Tribhuvana supported. After the latter's death, King Mahendra did not back M. P. Koirala, who then returned to the Nepali Congress and the differences between the brothers seem to have been settled. But it remains to be seen what obstacles B. P. Koirala will have to face in implementing his programme which he outlined to me during a long night session.

Firstly, Mr. Koirala wants to introduce as quickly as possible a thorough land reform, particularly with regard to the so-called Birta lines. The Birta are tax-free estates of the Ranas, almost one-half of the Terai, or about 2½ million acres are thus held by the still privileged Ranas. If taxed, the Birta lines would bring in Rs 15 million in state revenue—a considerable addition to the present total income of about Rs 45 million. Mr. Koirala is in favour of compensation, but it will differ in various cases. He is also proposing a ceiling for land holdings.

Secondly, the Nepali Congress wants to promote industrialisation on a modest scale, primarily cottage industries, like pottery, silk and light utensils which do not require much capital. Medium industry is to be encouraged in the private sector and co-operatives should be encouraged with government help in materials and marketing. Bigger industry, like sugar refineries and saw mills, would be assisted, but remain in private hands. Finally, road building and other public works should be undertaken quickly to facilitate transport and also to offer relief to unemployed.

Mr. Koirala is mainly concerned with the economic side of his programme, as he feels that the revolution has, so far, not brought any material improvements to the people. But he believes that a stable government will soon improve conditions once the economic grip of the Ranas has been removed. In other fields, like education, he points out that much has been achieved already. Formerly there was only one college in Nepal: today there are more than a dozen. A large number of primary schools have been established, and there are now more than 100 high schools where there were hardly any before. To increase the national income, he first of all wants to nationalise the country's resources.

Concerning foreign affairs, Mr. Koirala—as all the other Nepalese politicians I talked with—immediately pointed to the principle of panchshila: Nepal was a small country and anxious to be friends with all powers, particularly her neighbours, and had no desire to be drawn into the cold war. None of the politicians wanted to insult one power by praising another. I did not find any fear of China. On the contrary, the economic aid given



General Subarna

(Photo H. C. Taussig)

ASIAN SURVEY

MALAYA'S CASE AGAINST COMMUNISTS

From Our Kuala Lumpur Correspondent

THE publication by the Alliance Government of a substantial White Paper on subversion, will at least make clear the risks that are being run by those who advocate legalising the Malayan Communist Party (MCP) and trying to come to a negotiated agreement on ending the Emergency.

Much of the White Paper was based on captured documents which fell into the hands of security forces either when a Communist courier was killed or a party member surrendered.

Yeong Kuo, who was deputy to the Secretary-General of the underground MCP until his death two years ago, seems to have made a profound study of the double-cross. He laid down in a document: "Communists are no believers in legality and are not content with an open and legal struggle." For trade unions and political parties, the menace of the disguised Communist, hard-working, moderate in view, is now shown to be one of the most important problems they must face.

The Communists are not easily discovered and it is unlikely that they will again make the mistake of openly, or fairly openly, organising a "Healthy Amusement Section" as they did with the now banned National Union of Factory and General Workers to sing jolly songs about rape, corpses and the need to go into the jungle. The White Paper issues a warning that anyone foolish enough to be duped by the Communists must take the consequences and the Government has already indicated very firmly that it will not hesitate to take action.

Unfortunately the White Paper, it is believed, has been delayed through certain difficulties in publication and makes no reference to the February arrests, when more than 100 people were rounded-up as Communist suspects and sympathisers. Even so, there are still many points which might have been elaborated and in this respect the White Paper falls somewhat short of the detailed indictment of Communism which the Singapore Government issued some time ago.

The Singapore White Paper showed where the trade unions and the People's Action Party had been infiltrated; it showed clearly the techniques used and described the picnics, the meetings held and the resolutions passed. Many questions remain unanswered in the Federation's White Paper. One paragraph reported that a Communist Party executive was

put into the Labour Party and another into the Socialist Youth League, but how far did they get?

The White Paper said that other parties were also to be infiltrated and so were the trade unions, but it does not indicate whether some recent incidents have any connection with the MCP's instructions to members. There are obviously serious difficulties facing the Alliance Government in attempting to give these details, not the least the criticism that it is attempting to denigrate the unions and other political parties concerned, but it was an issue that the Singapore Government faced squarely. The case the Government has made is detailed, factual and restrained, but there are omissions which do not make the White Paper as effective a warning on Communist subversion as some people think it should be.

The White Paper revealed that the present lull in the Communist incidents was because of a Party directive with a view to preserving the lives of trained Communists and to prolong the expensive Emergency. The Paper also pointed out that the Communist Party of China was attempting to persuade the peoples of the Federation to look to the Communist regime there for inspiration and guidance.

In conclusion, the White Paper said: "The MCP looks upon the approaching general elections as an opportunity to contrive the defeat of the present party in power and for the substitution of a 'United People's Democratic Front.' The security forces recovered a secret directive to the party executives dated June 1958, laying down the policy to be followed in the election period."

Finally, the Federation Government said it would be the gravest dereliction of duty to allow free rein to those whose loyalties did not lie to the Constitution of this country and to those whose political beliefs required them to resort to all sorts of stratagems, manoeuvres, illegal methods, evasions and subterfuges to gain their ends.

Malaya's Immigration Department now hears no more from the several hundred Chinese students who trekked to China from Malaya in search of better prospects. Until about two years ago, a spate of applications came weekly to the Immigration Department seeking permission to return to this country. "Our policy remains the same," said a spokesman. "If they went without documents and return visas, they are not allowed back." There was the citizenship question, of

DAWN OVER NEPAL (Continued)

by that country and the fact that China remained strictly aloof in the elections were much appreciated. There is, of course, a very close link with India which gives substantial technical and economic assistance—which amounted to Rs 7½ million last year—despite her own pressing needs. And the Indian Army, under Col. Ruthnaswami, accomplished the remarkable engineering feat of the Tribhuvana Highway, linking the two countries over incredibly difficult terrain. Yet, I did not find any Indian attempts

to meddle in Nepalese politics. Similar to Indian Congress, the Nepali Congress unites certain conflicting interests. But, like Nehru in India, so B. P. Koirala's personal leadership is, in the long run, accepted, even though at times under protest. For the sake of the friendly, lovable people of that beautiful country, one hopes he will succeed in combating their poverty. The people have given their mandate to the Nepali Congress and the ensuing stability should now encourage more international economic assistance to help Nepal catch up with missed centuries.

course, where a citizen had the automatic right to return to this country. But very few succeeded in coming back on this basis.

"The bulk of the students went to China over a three-year period long before independence of Malaya, so that by the time independence came their citizenship was not valid," said the Immigration Department spokesman. For a long time applications came from young teenage Chinese who dashed from Malaya in 1951 to escape being called-up for duty with the security forces in this country. "These are refused re-entry every time," said the spokesman.

With the coming of independence to Malaya, however, the number of students leaving for China dropped to a trickle and for the past year has virtually ceased completely. "There may be the occasional idealist who pushes off on his own, but such people haven't come to our notice," the spokesman added.

Meanwhile, forty Chinese school teachers in Malaya who planned a trip to Formosa have now abandoned the idea. Malaya's Minister of Education, Inche Mohamed Khir Johari, told them that he wanted the sponsors to submit their programme with a list of places to be visited. The Minister made it clear that the teachers should realise that Malaya did not recognise Formosa.

Under the proposed tour arrangements, the teachers were to have travelled to Bangkok where Nationalist Government planes would fly them to Formosa. The Government was concerned that they might return with un-Malayan ideas which could be introduced into the Malayan education system. So the teachers decided to call off the trip and go somewhere else instead.

Singapore

Air Thick with Allegations

From Our Singapore Correspondent

In last month's despatch, due prominence was given to the allegation made by the People's Action Party (PAP) that Mr. Chew Swee Kee, former Minister of Education and member of the rival Singapore People's Alliance (SPA), had an account of \$½ million (Straits) in the Singapore branch of the First National City Bank of New York which had been made available to him by an "American source" for political purposes. This led to Mr. Chew's resignation from office, the Legislative Assembly and the SPA. The SPA quickly moved to the counter-attack. At the next Assembly meeting, one of their Assemblymen, Mr. Lee Choon Eng, moved that an inquiry be held to investigate how Mr. Lee Kuan Yew (PAP) had obtained this information from a confidential file 47909/GS in the Income Tax Department under the name of Mr. Chew. A lively debate ensued. Mr. Lee said that "as twilight came over the Assembly there seemed to be a streak of insanity in the air." This was the last meeting of the Assembly before prorogation. Mr. Lee did not seem to be unduly bothered by the SPA attack. He said, when the time came, he would disclose to the proper person how he came to be in possession of this information. Three days afterwards, he was boasting of a pipeline into the

Cabinet as well when he claimed that the Council of Ministers had been discussing the closure of the PAP-dominated City Council.

The City Council has been in a state of turmoil for many months now but matters moved towards a climax at a meeting on March 3 when the opposition members walked out and went direct to the office of Dato Abdul Hamid bin Jumat, Minister for Local Government, Lands and Housing (leader of the United Malays Nationalist Organisation in Singapore which is closely affiliated to the SPA) to lodge a complaint about the way the PAP Mayor was conducting business, and to request that the Minister institute an inquiry into the workings of the Council. Matters came to a head when the Mayor released to the press a highly sensational report of a conversation which is alleged to have taken place between the Council's Chief Administrative Officer, Mr. P. C. Marcus; Mr. Goh Hoon Song, another City Council official; and Mr. Khoo Teck Puat, Singapore manager of the Oversea-Chinese Banking Corporation. This report was based on information given to the Mayor by Goh Hoon Song and was so startling that it was not reproduced in the English-language newspapers although it was carried in the Chinese-language newspaper, the *Nanyang Siang Pau*.

Some idea of the nature of these allegations may perhaps be gleaned from a statement made directly afterwards by Mr. Marcus when he said: "With reference to the allegations I have today read in the Press, my meetings with managers of banks have resulted in the 1958 Council 5 percent loan being fully subscribed." The mention of the loan is interesting. It refers to a decision taken by the City Council's Finance Committee in September last year to transfer municipal funds from the Hongkong & Shanghai Bank and Chartered Bank to the Oversea-Chinese Banking Corporation, after the latter bank had subscribed \$1 million to the Council's 1959 \$30 million loan. The Council, at the time, described the subscription as an act of confidence in the City Council's administration.

At the same time that the Mayor issued his controversial report to the Press, he made public another memorandum in which he recommended that "corrective action" be taken against Mr. Marcus for a number of alleged shortcomings. They are too numerous to recount here but they related to dereliction of duty, disobedience of orders, and other shortcomings.

One outcome of this embroilment was that a writ was filed in the Singapore High Court Registry on behalf of Mr. Koh Teck Phuat claiming damages for libel against the *Nanyang Siang Pau*. Another result was the unprecedented move by Dato Abdul Hamid bin Haji Jumat, Minister of Local Government, Lands and Housing, to take over virtual control of the City Council. He acted under the powers conferred upon him by the Local Government Ordinance and stripped the City Council of its powers in regard to the appointment of members of the senior staff; their conditions of service and discipline; the delegation to any employee of the powers, functions and duties vested in the Council; the extraordinary powers of the Mayor to direct the execution of any work; and the powers of the Council to draft supplementary budgets.

Dato Abdul Hamid said this was the result of complaints he had received over the last fifteen months. However, be that as it may, many well-informed people in Singapore consider that it is part of the feud between the PAP and SPA—a political tit-for-tat for the PAP attack on the SPA.

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in the person of Mr. Chew Swee Kee. Dato Abdul Hamid added that the order was an interim one pending an inquiry into the workings of the City Council.

The latest development is that two Commissions have now been set up. One under Mr. Justice Buttrose to inquire into the allegation that Mr. Chew Swee Kee had a bank account of \$½ million and that there had been an Income Tax Department leakage concerning it, and another under Mr. S. H. D. Elias, a prominent member of the local Bar, to inquire into the administration and working of the City Council. Both inquiries are expected to be completed before the coming elections, due to be held on May 30th. It appears likely that the elections will be a two-cornered fight between the PAP and the SPA Liberal-Socialists (Lib-Socs), UMNO and Malayan Chinese Association (MCA). The left wing parties, principally the PAP, Labour Front, and Workers' Party, will probably fight on their own. At least 160 candidates representing 13 political parties, trade unions and independents will contest the 51 seats in the general elections.

Indonesia

Stumbling Blocks

From A Correspondent in S.E. Asia

IN recent years the struggle for political power in Indonesia has not only disrupted the country's economy, but it has also focused attention away from economic and social problems, which must be solved if the country is to be put on a sound footing.

The basic problem is one of over-population, particularly in Java. In 1955 Java had a population of about 55 million, 75 percent of which was engaged in agriculture. Although the methods of production absorb a considerable amount of labour, there is a surplus labour force of about 10 million on the island. This surplus is, however, not only confined to the rural areas, for a large proportion of it has migrated into the cities with the result that the population of the big cities has considerably increased in the last decade. Djakarta now has a population of between two and three million, Bandung something like 800,000 and Surabaya just under a million.

Although several of these immigrants have found work in various occupations, large numbers are still not absorbed and try to earn a living as drivers, street traders, porters and so on. They have created a political problem as well as an economic one for they are no longer illiterate and take a keen interest in politics. Therefore, the problem is to create a million new jobs so that these people will not become politically frustrated.

The only solutions to this problem are either resettlement on the land or industrialisation. The population density in Java is about 400 people a square kilometer, and about 16 per sq. km. in the outer islands. Before the war the Dutch resettled something like 45,000 people. Despite the efforts made to continue the resettlement programme since independence, no outstanding success has been achieved. Moreover, the population of Java increases by 700,000 a year, which

hinders resettlement. The settlers have also to be equipped with capital for organising their farms. Another difficulty is the different methods of farming in Java and Sumatra. In Java irrigated rice fields are the main product of agriculture, while it is dry husbandry in Sumatra.

It is, however, believed that resettlement would bring better results with industrial development. But this would require capital on a large scale, which would not be provided from internal sources. A considerable amount of domestic capital is invested abroad in order that it will bring in the maximum of interest. Thus, large-scale projects will have to rely on foreign investments and loans. The prospects of the Government attracting foreign capital are not for the moment vastly encouraging, except in the production of oil. Public management is gradually being introduced into the rubber, tea and coffee plantations, and the Government is maintaining buildings and installations on plantations, because foreign companies are unwilling to spend any money on them.

Despite the efforts to stabilise the country's economy no outstanding results have been achieved. The temporary programme for industrial reconstruction, elaborated in 1951, was a failure because only a small part of it was carried out. But some of the projects started under this programme have been completed, such as a cement factory in East Java for which the Export-Import Bank advanced a loan, but little has been done towards completing the projects on the Asahan river in East Sumatra. Moreover, internal political troubles have delayed the operation of the first Five-Year Plan covering the period 1956-61.

What is most needed to put Indonesia on a sound economic basis is an end to the struggle for power and a strong Government willing to introduce unpopular measures necessary for reducing governmental expenditure, encouraging investment and increasing productivity. At present there is little discipline in carrying out the economic plans. People have not been encouraged to work harder and save, and the illegal export of rubber and copra has deprived the Bank of Indonesia of valuable sources of foreign exchange, while people in the rural districts can easily avoid the payment of taxes.

However, the Indonesian economy is at present so intermingled with the political situation that no marked improvement will be seen until either the Nationalists, the Communists or the Muslim groups are able to obtain sufficient public support to form a stable government and an efficient administration. Such a government could be formed if the Nationalists went into coalition with either group. This possibility seems somewhat remote at the present, because both groups are strong enough to dominate the Nationalists, particularly the Communists, whose position has strengthened since the provisional elections at the end of 1957.

The biggest stumbling block to the Communists is the Army under General Nasution, which has become more efficient in recent years. The strength of the Communist Party's position would therefore seem to depend on how far it can penetrate the Army. So long as the present, unsettled political situation remains, there can be little hope of introducing economic stability in the country. President Sukarno is not unaware of this, nor, in fact, are political elements of all shades. In the last analysis it probably depends on how effectively the Communists can be challenged in the Java countryside, and on whether the central authorities can end by negotiation or force the rebel activities in Sumatra and North Celebes.

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Pakistan

The Interim Budget

From Our Karachi Correspondent

Pakistan's interim Budget announced on March 31 is an indication of the growing strength and resilience of the country's economy. A White Paper on the Budget released simultaneously by the Ministry of Finance gives a graphic picture of the stresses and strains to which the economy was subjected under the *ancien regime* and the remedial measures adopted by the new regime to retrieve the situation. Although not yet out of the woods, the interim budget is in the words of the Finance Minister "an earnest of Government's intention to restore balance to the country's finances and avoid the massive inflationary financing which has wrought havoc with the economy in the past."

The interim Budget covers the period April - June 1959 and is necessitated by the change in Pakistan's financial year from April - March to July - June. Showing a nominal revenue surplus of Rs. 200,000 the first budget of the new regime marks a significant departure in taxation policy, designed to provide incentives to harder work and to promote savings vital in a developing economy. For the first time in many years the budget imposes no fresh tax burdens; on the contrary, it makes extensive concessions both to the hard-hit middle classes and to industry, and there are radical alterations in the tax structure itself such as the abolition of the business profits tax, readjustment in the rate of taxes on companies and reductions in intercorporate taxation to provide substantial relief to companies, notably to those engaged in industry.

The first important concessions are in the field of personal tax based on the view of the Finance Minister expounded frequently in the past that personal taxes were pitched at too high a level and that there was mal-distribution in the burden of taxation. Rather than wait until the beginning of the full financial year in July to announce their new taxation policy, "we feel," declared the Finance Minister in his budget speech "that a clear enunciation of policy at this stage would give immediate incentives to higher production and savings and provide the basis on which the economy of the country can be stabilised and developed along proper lines."

The relief is given at both ends of the scale. In the lower income brackets the burden of taxation will be shifted to the fields of indirect taxation to restrain consumption, but in order to promote savings the taxable limit is raised from Rs. 5,000 to Rs. 6,000 per annum. The middle classes hitherto hardest hit by previous budgets are now recognised to be the backbone of a healthy economy and are to be given the optimum relief compatible with present conditions. In some cases the reduction of the tax burden on this class will amount to as much as 30 percent. At the other end of the scale the marginal rate of tax which under the old dispensation could be as high as 98 percent is now reduced to 80 percent subject to the important proviso that no one will now be required to pay more than 75 percent of his income as tax. By this measure it is hoped to reduce not only disincentive to harder

work but also incentive to evasion of taxation which had in the past reached such appalling proportions.

Simplification of the tax structure is an important provision of the new taxation policy and the entire system of computing tax is altered to make it readily intelligible. The two basic features of the new system are that all admissible reliefs and rebates will be allowed as straight reductions from the total income of the tax payers and the distinction between income-tax and super-tax is abolished in the case of individual tax-payers.

The other important innovation introduced by the new budget is in company taxation where apart from the abolition of the Business Profits Tax the distinction between private and public companies is also abolished but a distinction is made for purposes of tax between companies paying dividends in Pakistan and those not doing so. A novel innovation is a "tax holiday" for a period of two years to companies established after April 1, 1959, if, among other things, they fulfil the following conditions: the industry is primarily based on indigenous raw material; it is managed and controlled by a limited company with a paid-up and subscribed capital of not less than Rs. 200,000; and it reinvests at least 60 percent of its profit in the same enterprise during the period of the tax holiday.

Apart from liberal concession to industry engaged in the extraction of minerals and the maintenance and extension to June 30, 1961, of existing depreciation allowances, the new taxation policy entails a number of changes in law which are now embodied in the Finance Ordinance, 1959, promulgated by the President.

In a brief review of this nature it is impossible to give more than the barest outline of the many new features of the interim budget, but there is little doubt that with the concessions both to individuals and to companies that the new regime has set the country back on the road to economic recovery and that the new taxation policy will stimulate not only a greater all-round effort but what is more pertinent — will provide a substantial incentive for investment and savings which are vital to the economy at this juncture. But to quote the Finance Minister's concluding remark: "Economic problems of this nature do not yield to easy and quick solutions. It is wishful thinking to imagine that the crisis will soon be over and that we shall be able to sit back and relax."

Japan

Homesick Koreans

From Stuart Griffin

(EASTERN WORLD Correspondent in Tokyo)

Japan-resident Koreans, most of them brought here during Japan's 40-year occupation of their homeland as common labourers, many of them nonetheless born here, are anxious to go home, even to the Communist northern half of the split country. They have homesickness in common as their reason for the homeward bound trek.

Their simple desire to see their homeland again is, however, not such a simple matter. The Japanese Government has been beset by conflicting schools of thought regarding

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the repatriation. Some say let them go, if they want to go, it is the business of the Koreans, nobody else's. Others say it is a basic inhumanity to allow free people to be swallowed up in the Communist world and argue that the repatriates should be denied the journey, for their own good.

The problem has this "time-bomb" aspect too. The Republic of Korea in Seoul, long at an impasse in establishing relations with Japan because of the continued anti-Japanese sentiment of ageing President Syngman Rhee and because of the long, deep hatred of Japan felt by so many in South Korea, is scarcely likely to tie itself to a Japan that has surrendered fellow-citizens into the Communist camp, even though these Japan-resident Koreans have demonstrated their wish to return.

The 100,000 to 120,000 Koreans who clamour for a return to North Korea have become a political issue fraught with grave problems. The Foreign Minister, Mr. Fujiyama, who has indicated he will not oppose the right of the Koreans to journey to North Korea, is fully aware that his decision could easily disrupt the now-deadlocked Japan-ROK negotiations. But since conditions are now at an impasse, he reasons, what better time to "explode the time-bomb harmlessly" before negotiations resume.

He has had International Red Cross backing on two previous occasions. That Geneva body has twice requested the Japanese Government to repatriate those Koreans who wish to leave Japan. Thus the effect on Syngman Rhee is the one major deterrent to a Japanese move towards action. Both the ROK and Tokyo are playing on the "humanitarian" theme, Seoul insisting it would be "inhuman" to send human beings to privation, perhaps prison or execution, "just so that Japanese can get the Korean residents in Japan problem off their conscience." And Japanese officials are saying "individuals have the right to return to their native land; suppression of this right is not possible, from the humanitarian standpoint."

This question automatically looms, and the Japanese must find an answer. Do the Koreans in Japan wish to return to North Korea of their own free will or is there pressure, threat or duress, from such an organisation as the General Federation of Korean Residents in Japan? Why do Koreans wish to leave a country in which many have lived for upwards of a quarter of a century, especially so since 90 percent are estimated to have come originally from South Korea? Some say the life in Japan is too miserable as second-class "citizens"; others say that economically, North — not South — Korea has obvious economic attractions. Most Koreans here talk in economic, not political terms.

An estimated 70 to 80 percent of those who have applied to the Federation for repatriation are receiving livelihood aid from the Japanese Government, while the others live in a shallow, economically-depressed state, hired as day labourers, rag pickers, pinball parlour operators, garbage collectors and dealers in shoddy goods in second-hand stores. Koreans, living in ghettos, primarily in the largest cities of Tokyo, Osaka, Kobe, Nagoya, and Fukuoka, complain that the future for their children is just as bleak. Even those who assimilate, who are permitted to assimilate, find educational opportunity scant, and even the relatively few who succeed in getting a university degree, find job doors shut in their faces simply, they insist, because they are Koreans, that is pariahs. The Pyongyang offer of good jobs, good housing, and the best in educational opportunities has not fallen on deaf or disinterested ears. And the aged seek to see their homeland once more before they die.

The majority are under no illusions as to what the future could bring in North Korea. But they contend that the promises, even if empty, will be more than they can hope for in alien Japan and, they reason, perhaps their show of change of heart, demonstrated by their actual return, will force the Pyongyang authorities to come up with opportunity, not just promise. A last detail to be smoothly ironed out concerns the expenses involved of the transplantation of so many tens of thousands from one country to another. It is likely that most travelling expenses will be borne by the Koreans themselves, helped by the Federation. In the case of the needy the Japanese Government will bear the cost of transportation so far as the port of departure.

The International Red Cross will probably charter vessels from either North Korea, or the Soviet Union. Some Japanese, favouring repatriation of those who wish to return, still caution a wary, time-taking approach to what could become a serious and embarrassing situation. They urge a more thorough investigation of the large, unwieldy-seeming, amorphous, and rather shadowy General Federation of Korean Residents — as to its fund resources, its affiliations, its political leanings.

It would not help Japan in the eyes of the world, they think, if after repatriation had been completed, it was found that thousands of Koreans had been assisted into slavery with the knowledge and help of the duly-constituted Japanese authorities, and that this process had been encouraged and abetted by a Federation that was only a Trojan Horse in the first instance. The issue drags on but all involved in it know there can be no turning back, and but little foot-dragging. It is inevitable that something be done, and done quickly.

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Under Pressure

From Charles Meeking

(EASTERN WORLD Canberra Correspondent)

Few Australians, even on political levels, appreciate the magnitude and complexity of Asia's political and economic problems. Fewer still understand that upon the solving or accentuation of those problems will rest the future existence of Australia as a "western" outpost in the Asian area. At this time, Australia is trying to induce the United States to cease giving away surplus foodstuffs to Asia; it is attempting to expand the volume of Australian exports to Asia because, like much of Asia, it is suffering from low prices for basic products; it is giving Colombo Plan and ECAFE aid while contributing something to SEATO military defences and anti-subversion activities; it is trying to define a policy for the future of New Guinea and another one for Australian aborigines; it is planning to double the present Australian population of 10 million in 30 years.

Simultaneously it is re-establishing diplomatic relations with the Soviet Union (after Russia had rejected an initial draft saying the initiative for this had come from Moscow), and trying to maintain its territorial claims in the Antarctic while admitting that Russian IGY bases there will be main-

tained for "a good long time, strictly on a scientific basis."

In the midst of these perplexities, the Menzies Liberal Party-Country Party Government ran headlong into a great outburst of public resentment at proposed salary, allowances and pension increases for Ministers and members of Parliament. It suffered also at the failure of its parties in New South Wales to dislodge the Cahill Labour administration, despite the confident prediction by Mr. Menzies that socialism in Australia was "going out with the tide."

In the interplay of these international and national matters, an observer could find inconsistencies and dangers. The Government is not always clear or explicit on its policies. Yet the Labour Opposition, still suffering dissension, was and is even less able to play any part in guiding or leading public opinion.

Securing of more Asian trade is the immediate and urgent need, with wool and base metal prices continuing low. Yet it seemed doubtful whether Washington would either remove trade restrictions on Australian imports or discontinue, in the interest of Australian wheatgrowers, the giving away of wheat and flour to needy Asian countries. The foreign exchange difficulties of many of those countries, incidentally, are already affecting Australian exports, and the economic outlook would be far grimmer than it is if it were not for the inflow of foreign capital. Much of this is coming from Britain and the United States. Some seems likely to come soon from Japan.

Part of the true and alarming picture for the future was painted at the recent ECAFE conference in Queensland. In the lush setting of a luxury hotel the Asian delegates told of the population "explosions" in their own countries, warned that the free enterprise system was on trial today and that the "hungry masses of Asia" would soon give their verdict.

The impact of this and of the statement by the Indian Minister for Commerce, Mr. N. Kanungo, that Asian peoples are no longer prepared to lead their lives at bare subsistence levels was blunted for many Australians by more picturesque interludes, including the blunt attack by the UK High Commissioner, Lord Carrington, on the Soviet delegation's suggestion that South-East Asian countries should seize foreign enterprises.

Yet the real problem for Australia remains the increasing pressures of Asian populations. These populations may well offer markets of a kind, but their ability to pay prices commensurate with Australian production costs must be dubious. They will also look with growing interest at under-populated New Guinea and at Australia's now-empty spaces when scientific rain-making and the cheap production of fresh water from the sea enable deserts to become fruitful and habitable. If there is Government anxiety on these points, it is well concealed, although the Minister for External Affairs, Mr. R. G. Casey, has just made a rapid goodwill trip to Korea, Japan, the Philippines and Malaya. The need for a clear and public assessment of trends is acute.

The apparently effective build-up of SEATO defences is not the answer, nor is the proposed provision of a mobile ground-to-air rocket defence system capable of being moved to various parts of Australia's 12,000 miles of coastline. Certainly the Asian outlook could be clearer, especially the immediate and long-range relations between China and India which must affect every facet of Australian-Asian relationships. Yet even so, some top-level lead could and should be given to Australians, to prepare them for the problems immediately ahead.



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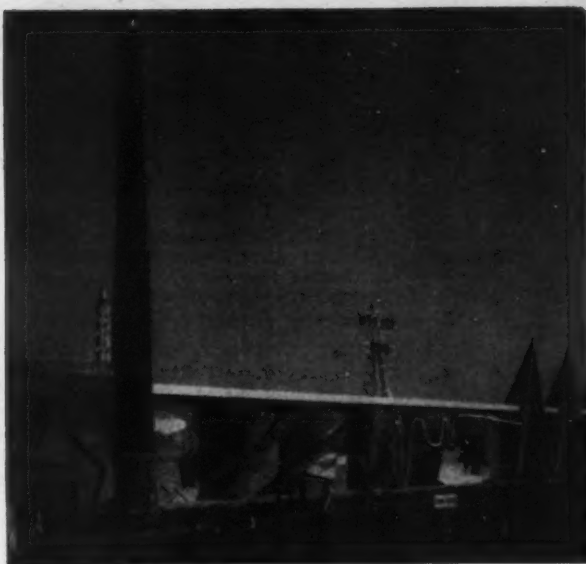
By L. R. Nair

(Director of Advertising and Visual Publicity,
Government of India)

IN a number of ways the "India 1958 Exhibition" which was held in New Delhi in December was different from all the major exhibitions organised since Independence. It was the first national exhibition in which both public and private sectors had cooperated to present what may be described as an integrated picture of the nation's progress during the last eleven years.

"India 1958" was organised with the definite objective of giving the people an opportunity of taking stock of the progress made under the two Five Year Plans and also to reflect upon the tasks yet to be achieved. It was also meant to provide a visual picture to foreign visitors of the efforts to develop the country's immense economic and man-power resources. The speed at which the exhibition was organised reflected the rapid all-round development in the country. "India 1958" attempted to mirror the growth of Indian industries both in the public and private sectors, leaving a convincing impression that before long the country will take her place among the highly industrialised countries of the world.

The exhibition had nearly 170 stalls and pavilions, most of which had been grouped in such a way as to present a consolidated picture in each industry. There were 12 different sections each dealing with a major industry—such as steel, heavy engineering, chemical engineering, automobiles, textiles, ceramics and electrical engineering. The biggest stall in the exhibition was that of Hindustan Steels—the Corporation which manages the three new steel plants in the public sector. All three of them—at Bhilai, Rourkela and Durgapur have reached an advanced stage of construction, and blast furnaces in the first two are operating. Esti-



mated to cost Rs.5590 million, the three projects on completion will contribute the major share to the fulfilment of the Plan target of 4.5 million tons of finished steel equivalent to six million tons of ignite steel.

The Telco (Tata Engineering & Locomotive Works) pavilion covered an area of 25,000 sq. feet. Decorated by colourful murals, it displayed locomotives and trucks produced in their workshops. Tatas are pioneers in this field and their collaboration with Mercedes-Benz has been really fruitful. The Hindustan Machine Tools—a State corporation displayed nine types of machine tools which they are manufacturing in their factory at Bangalore. The electrical engineering section showed Indian made air-conditioners, coolers, fans, storage batteries, aluminium conductors and other electrical equipment. Most of these goods have found a growing market in the neighbouring countries. The mechanical and engineering industries section had on view duplicators, steel furniture, steam generators and diesel engines.

In a predominantly agricultural country, production of fertilisers occupies a very important position in industrial expansion. The Sindri Fertilisers Factory put up a big model of the factory with a number of explanatory flow sheets. Indian agriculture, however, needs more fertilisers than Sindri can produce and three other production units have been planned to be set up at Nangal, Rourkela and Naivela.

In a country like India with her increasing population and vast resources, the development of cottage and small scale industries is as important as the growth of major industries if a balanced economy is to be maintained. The Khadi and Village Industries Commission pavilion, with its rural settings and indigenous displays, brought to the visitor the fact that India is essentially a land of villages. The pavilions of All India Handloom Board and the Handicraft Boards, displayed in a vivid manner the high skill and the excellence reached by Indian craftsmen. In spite of the policy of rapid industrialisation the State has greatly encouraged the revival of ancient handicrafts and handlooms for which India was famous in the old days and which are now earning a good deal of foreign exchange.

The all-out effort to exploit the oil and mineral re-

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sources of the country was vividly portrayed in the Geological and Mineral Centre. The successful drilling operations in the Punjab and elsewhere were exhibited through models, charts and attractive photographs. Another important mineral development scheme was the Neyveli Lignite Project in Madras under which 3.5 million tons of lignite are to be mined for generation of power, production of carbonised briquettes and fixed nitrogen in the form of urea and sulphate nitrate. Symbolic of the progress made in the spheres of scientific research and technology, the science pavilion organised by the Council of Scientific and Industrial Research was a joint effort of National Laboratories, University Research Departments and Technical Institutes. An effort was made in this big hall to depict the results of the scientific research and its application to industrial development in the country.

The pavilion of the Defence Ministry highlighted the various products manufactured by the ordnance factories. Overflowing with all kinds of exhibits—from aeroplanes to saddlery and telescopes, the display was a convincing, though crowded, proof of efforts by the Defence Services to become self-sufficient in their requirements.

The fact that India's progress mainly depends on increased food production was vividly brought out in the Agricultural Section. It showed how the Indian farmer is adopting improved implements, better seeds, and modern methods to grow more food grains for the community and cash crops for exports. Appropriately the neighbouring pavilion was related to development of irrigation and power. The last ten years in India have been a dam building era, and the front of the pavilion was aptly shaped as a dam

with the impression of flowing water brought out by means of Alkathene.

A great popular success was the Indian Panorama set up by the Ministry of Information and Broadcasting. The display here was positively directed and exhibition technique definitely mature. The big blown-up photographs, colourful costumes, working models and illuminated maps narrated the story of India's past, her tourist attractions and her heroic efforts to build an industrial economy. Transport and communications have an important role to play in the developing economy—and are estimated to cost 30 percent of the total outlay in the Second Plan. The railway pavilion described the new programme of construction of new lines, doubling and renewal of existing tracks, manufacture of railway bogies, coaches and wagons. An artificial railway station with two railway carriages explained the shape of things to come for future travellers. In the field of shipping the Scindia Steam Shipping Company put up an eye-catching stall with a real lifeboat and a lighthouse. The story of Indian Shipping through the ages was portrayed through attractive pictures and models.

In the private sector the most imaginative pavilions were those of the Indian Jute Mill Association—which seemed to have been designed in two dimensions—and of the Premier Automobiles which certainly had been put up in true exhibition style—simple, attractive and noticeable from all sides.

"India 1958" was an encouraging picture of a nation on the march. It showed that India had started on the road to progress determined to achieve a better life for her masses. Set up in haste, the exhibition was symbolic of the pace of history in the country.



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FROM ALL QUARTERS

Ho Chi Minh's Kisses

The kisses showered by the north Vietnamese President Ho Chi Minh on Indonesians of both sexes as a gesture of goodwill has also incurred him the censure of some Muslims in Indonesia.

When Ho Chi Minh arrived in Djakarta last March on a 10-day state visit, he was told by A. N. Firdaus, secretary general of the All-Muslim Congress of Indonesia, to stop the kissing as this was a violation of Muslim teachings and Indonesian customs.

The Indonesian Communist Party newspaper, *People's Daily*, however, described the kisses as a "sign of solidarity."

Scholarships for Asian Doctors, Nurses and Midwives

Forty-four fellowships have been awarded by the United Nations Children's Fund (UNICEF) to doctors, nurses and midwives from seven Asian and Middle Eastern countries. The fellowships are for one year's training in public health, nursing or in maternal and child welfare at the All-India Institute of Hygiene and Public Health in Calcutta.

The All-India Institute is the Asian regional training centre for maternal and child welfare, and has received almost \$1 million of aid from UNICEF as well as technical advice from the World Health Organisation. Since 1954, UNICEF has offered more than 200 fellowships and stipends for studies at the Institute.

Indonesian Ambassadors

In January 1959 the appointment of Miss Laili Roesad as ambassador to Belgium and Luxemburg was announced by the Indonesian Government. Miss Roesad is the first Indonesian woman thus to join the ranks of other Asian women like Mme. Pandit, Mme. Sun Yat Sen and Begum Liaquat Ali Khan.

Miss Roesad joined the Ministry of Foreign Affairs in 1947. Her appointment is regarded by Indonesian women as an acknowledgement of their capabilities, and it is to be presumed that posts of responsibility, both in the diplomatic and other fields will be open to women more frequently.

Asian Trade Promotion Course

High ranking government officials from a dozen Asian countries will follow an intensive course on the techniques, policies and problems connected with the expansion of their export trade. These courses are given at a Training Centre in Trade Promotion now being held in Tokyo under the joint sponsorship of ECAFE and the UN Bureau of Technical Operations in cooperation with the Government of Japan. The Centre is expected to be of immediate practical value to Asian countries seeking to expand exports in order to increase their earnings of foreign exchange.

Mongol International Conference

The First International Conference of Mongolists-Philologists is to be held in Mongolia next September. Delegates from the Soviet Union, China, India, Korea, Japan, Afghanistan, Turkey, France, East and West Germany, Finland, the United States of America, the United Kingdom

and other countries will be attending. The Institute of Mongolian Language and Literature has started to publish a number of research booklets on the studies of the Mongolian language, folklore, and literary monuments. A Tibetan-Mongolian dictionary and an explanatory dictionary in the Mongolian language are being published, while narrations of Mongolian folk-lore are being recorded.

Development of Central Asia

The Academy of Sciences and the State Planning Committee of the USSR have decided to hold a conference on the development of the productive forces of Central Asia next year.

Professor Leonid Pustovalov, vice-chairman of the council for the study of the productive forces of the Soviet Union has said that the primary task of the Central Asian conference would be to draft long-term plans for the four Central Asian Republics — Turkmenia, Uzbekistan, Tajikistan and Kirghizia. The conference is being convened on the initiative of those republics and is expected to be held in Frunze, the capital of Kirghizia.

Several thousand scientists, economists and industrial and agricultural specialists will attend the conference.

Asoka Edict Discovered in Afghanistan

Early in 1958, a text in Greek and Aramaic of an edict issued by Asoka, the Buddhist emperor of India (264-c.225 B.C.), was discovered in Afghanistan, near Kandahar. It was the first inscription in Greek to be found in this region, though coins and sculptures revealed in previous excavations have testified to the activities of the Greeks in Afghanistan.

Though it does not contain exactly the same wording as existing texts in Indian languages, the edict sets forth the same fundamental principles of Buddhist law. It recommends non-violence, in terms of absolute respect for life and for all living beings, and commands obedience to father, mother and elders.

Self-Help in East Pakistan

The Rural Road Reconstruction Programme initiated in the Development areas in East Pakistan recently, is reported to have aroused tremendous popular enthusiasm.

The latest report from Mirsarai in Chittagong District says that 93,000 villagers worked for 15 days to construct 30 miles of new roads and repair 120 miles of old roads. Officials of Development Departments and Vaid staff worked with the villagers in their gigantic effort.

Indian Steelworkers in the UK

A party of 30 engineers who arrived in the United Kingdom last month will spend up to a year here gaining experience in iron and steel manufacturing processes and in the actual construction of steel works plant.

This will be the fifth group of Indian Engineers to come to this country for training in connection with the Durgapur project. Two groups, totalling 51 engineers, have completed their training programme and returned to India. Two other groups, totalling 37 engineers, are already in the United Kingdom.

Recent Books

A History of Modern Burma by JOHN F. CADY (*Cornell University Press. London: Oxford University Press, 60s.*).

Factors and causes which led to the British annexation of Burma during the last lap of Burmese monarchical rule, as well as the subsequent rise of Burmese nationalism which passing through the second world war period enabled Burma to regain national independence are chronologically set forth in this useful volume. It is therefore a well-written historical record of what happened politically to Burma and the Burmese people during the last century and a half and in the current century until Burma regained its liberty.

Dealing with the political chaos prevailing in the country before the advent of the British the book points out that the weak monarchical rule, sectional wars and national disunity opened the way for British colonisation. It draws attention to the fact that Britain by waging wars on weak Burma took it over to extend its colonial empire in South-East Asia. The political activities of the Burmese nationalist parties during the British period have been treated fairly comprehensively. Also objective mention has been made of the Burmese Government sponsored by Japan during the second world war, a regime which subsequently levered Burma's re-emergence as an independent country led by youthful leaders.

The book discusses the rise of Communism in Burma, its fall-out with the ruling Anti-Fascist People's Freedom League and the ensuance of pocket civil wars conducted by the Red and White Flag Communists, certain groups of war-time partisans called People's Volunteers and Christian Karens. Referring to national instability at the dawn of independence owing to the prevalence of gun-bred politics the author sympathetically analyses the unfortunate situation culminating in the assassination of General Aung San, Prime Minister, who played the most notable part along with U Nu, who has been successively Prime Minister after him in the independent era, in ending the long period of British rule.

A.L.

A History of Hong Kong by G. B. ENDACOTT (*Oxford University Press, 30s.*).

The growth of Hong Kong as a thriving British commercial colony during the tenure of successive governors

is the main theme of this historical work. Since it is based on a study of British records, it largely represents British viewpoints regarding the annexation of Hong Kong territory. There is no doubt that Chinese scholars and independent Far Eastern students would not agree with the author's justification of British territorial acquisition, even though certain circumstances might have provoked Britain to resort to colonisation. They will however agree with him that the development of Hong Kong as a British Far Eastern commercial bastion has been of mutual economic benefit.

Hong Kong comprises the island of that name which China was forced to secede in 1841, the small district of Kowloon on the mainland together with the Stonecutters Island secured in 1860 and a large area of the mainland called the New Territories leased for 99 years in 1898. The author points out that Britain acquired Hong Kong as a commercial outlet to China and not to build a territorial empire. The fact that British illegal opium trade resulted in the so-called Sino-British Opium War provided Britain with this foothold to control subsequently the economic life of China makes it clear that Britain had been pursuing an economic colonisation policy which began to be weak-hinged following the Chinese Nationalist Revolution under Sun Yat-sen and finally disappeared with the start of the second World War. The book has confined to recounting the nineteenth century growth of the colony as the headquarters of British trade, administration and general influence in the Far East. It deals very briefly with the activities in Hong Kong from the twentieth century to date and so it does not examine deeply the present-day problems of the colony, especially in relation to revolutionary changes that are taking place in the mainland.

One cannot agree with the author's opinion that all Hong Kong history is economic history in the sense that the birth and progress of the colony were shaped by economic forces. Long-range political and diplomatic considerations have played a notable part in the securing of Hong Kong. Lately the colony has become strategically important in the anti-Communist defence chain running from the Pacific to the Indian Ocean.

A.M.

The Economic Growth of Hong Kong by EDWARD SZCZEPANIK (*Oxford University Press, 25s.*).

The book has been published under the auspices of the Royal Institute of International Affairs. Naturally it tends to highlight British contributions to the spectacular industrial development of the colony in the post-war period. The fact



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is that Hong Kong's current prosperity is largely due to Chinese endeavours. The author looks at the progress of the colony from a macroeconomic point of view and yet the macrodynamic picture presented by him is far from satisfactory. As he says, during the 1945-55 decade Hong Kong, long an entrepot trade outpost, swiftly developed into an international trade centre on account of an industrial revolution causing unprecedented expansion of manufacturing industries. The author is correct in attributing this transformation to post-war changes in Hong Kong's trade, the effects of the embargo on China trade resulting from the Korean war and the loss of the Chinese market for capital goods.

Equally the author is right in asserting that the expansion of foreign trade has considerably reduced Hong Kong's trade with China. But it needs to be explained that the fall is mainly due to the embargo and high rate of industrial development in mainland China. Even then it must be noted that in 1956 the Hong Kong-China trade constituted 27 percent of overall foreign trade of the colony and nearly 32 percent in 1955. In other words China still remains the major trade partner of the colony. The volume of Hong Kong's export and import trade with China has steadily climbed in the post-war periods and this has played no small part in the industrial stride of the colony.

The backbone of the industrial economy of Hong Kong is represented by large, medium and small Chinese enterprises. Then the Chinese traders of Hong Kong have traditional business contacts with Chinese businessmen operating in South-East Asian countries. Furthermore a good deal of capital has been brought over from mainland China by refugee merchants, financiers, industrialists and small traders. These factors should be taken into account in pointing out how the process of Sinoisation economically is gradually taking firm root in the colony.

A.L.

Revolution in a Chinese Village Ten Mile Inn by DAVID AND ISABEL CROOK (*Routledge and Kegan Paul, 21s.*).

This book does not merely describe in vivid detail based on on-the-spot observation the transformation of a feudal village into a Communist agrarian community, but gives a comprehensive picture of Japan's war on China started in 1937, the Kuomintang-Communist antagonism, growth of Communist pattern of agricultural society during the second world war period and the steady ascendance of Communism in China in the post-war period led by Mao Tse-tung, chairman of the Chinese Communist Party. It is refreshing that the authors in narrating the eclipse of the Kuomintang regime of Generalissimo Chiang Kai-shek at the hands of the Communists have refrained from making favourable or unfavourable comments. They have confined themselves to explaining the facts and conditions which led to the Communist transformation of China. They have explained this great revolution by telling what happened in the "Ten Mile Inn" village during the ten years from 1937 to 1947. The village is situated in the foothills of the Taihang Mountains at the meeting-place of the four provinces — Shansi, Hopeh, Shantung and Honan. As the writers say, in a sense Ten Mile Inn is a microcosm and these ten years of its history one step in the ten thousand league march of the Chinese revolution.

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Kuomintang policy of checkmating Communism during and after the war helped the Communist Party to consolidate its power and how the party carried on with agricultural reform are chronologically told in the book. And what it took Ten Mile Inn years to accomplish in the forties other villages accomplished in a matter of months in the early fifties. The authors point out that the development of agriculture which the socialist transformation has brought about is the basis of socialist industrialisation and ideological progress. The collective outlook of life and way of work associated with both agriculture and industry in China today have roots in the relations of mutual aid forged in the villages. It is admitted that neither socialist agriculture nor socialist industry could have come into being without the Communist military victory. And this victory, it is emphasised, received great impetus from land reform.

R.L.

Contemporary China edited by E. STUART KIRBY (*Hong Kong University Press. London: Oxford University Press, 30s.*).

The Research Seminar on problems of Contemporary China was instituted by the Department of Economics and Political Science in the University of Hong Kong in 1954. This is the second volume of the seminar covering the years 1956 and 1957. It is of academic value and contains thought-provoking studies on economic, social and industrial progress under the Communist Government. The voluminous selected bibliography dealing with mainland China, Taiwan (Formosa) and Hong Kong will be of immense benefit to Far Eastern research scholars.

In all nine studies are included in the volume. These clearly show the limitations of the writers in picturing current progress in China based on dependable statistics. Still, the merits of the papers have by no means been diminished essentially because of the objective evaluation and treatment of the subjects discussed.

B.P.L.

The Government and Politics of China by DR. A. N. AGARWALA (*Bombay: Kitab Mahal, Rs.3*).

This is a very elementary book meant for those who wish to have a rudimentary idea of the constitutional framework of the People's Republic of China. This small volume merely paraphrases the people's constitution of China and so lacks depth and insight. The last chapter on justice in modern China written by Justice C. B. Agarwala is too fragmentary to be of any value.

R.T.P.

Sinkiang: Pawn or Pivot? by ALLEN S. WHITING AND GENERAL SHEN SHIH-TS'AI (*Michigan State University Press, \$5. London: Angus and Robertson, 35s.*).

Penetration of Soviet influence in Sinkiang, north-westernmost province of China, and Soviet strategy there from 1933 to 1949 are objectively and realistically narrated in this book, though one may not agree with quite a few of the opinions expressed and interpretations given by the authors. On the whole however the book certainly constitutes an important historical document of Sinkiang at a very critical period when China was helpless to enforce its administrative authority due to war-lordism, Japan's war and bitter Kuomintang-Communist antagonism. Since the purpose of the book is to focus attention on Soviet Stalinist manoeuvres to extend the Soviet political influence to

Sinkiang, British and Japanese ambitions concerning the area have been dealt with briefly, regardless of the fact that Japanese intentions and conspiracies have been correctly examined.

The volume is in two parts. The first written by Allen Whiting analyses Soviet strategy in the 1933-49 period with major emphasis on the first ten years when General Sheng Shih-ts'ai ruled the province. The second consists of General Sheng's memoirs for this period and the General explains how he became a Communist, cooperated with Moscow, permitted the stabilisation of Soviet influence and finally broke away from Moscow because it wanted to detach Sinkiang from China. Both parts reveal additional details of major historical facts and incidents. For instance, it is shown how along with the plots and counter-plots of Moscow and Tokyo, Chinese Communists on the one hand and Trotskyites on the other conspired independently to make Sinkiang a new point of international conflict.

It is pointed out that Sinkiang's geographical propinquity with Soviet Central Asia and its commercial tie-up with that area prompted Moscow to demand a privileged position, while Japan by conquering Manchuria, then Inner Mongolia and finally taking over North China practised an unvarnished imperialist policy towards Sinkiang. Now the situation has changed completely. Peking is in firm control of Sinkiang where commercial and economic concessions previously enjoyed by Russia have been handed over to the Chinese Government. This has ended the long period of foreign intrigues and sabre-rattling.

T.P.S.

All Men Are Brothers (Paris: Unesco, 12s. 6d.).

The fundamentals of Gandhism — political, economic, social and above all spiritual — are presented in concise but compedious form in this publication for which UNESCO deserves congratulations. The life and thoughts of Mahatma Gandhi are told in his own words and the texts have been selected to appeal to the world public and to illustrate and make better known the different aspects of Gandhi's personality and writings. By reading the book the reader will automatically understand why the spiritual influence of this great modern sage of India has extended throughout the world. The main features of the Mahatma's philosophy and his influence in furthering friendship between peoples, his non-violent campaign against racial discrimination in South Africa and his leadership of the Indian independence movement based on non-resistance and non-violent agitations are described succinctly.

Because of his belief that all men are brothers and no human being should be a stranger to another, Gandhi adopted non-violence as the best means for solving national and international problems. He had dedicated himself to truth, for to him truth was God and there was no way to find truth except the way of non-violence. Therefore Gandhism maintains that non-violence is the greatest force at the disposal of mankind. Violence is needed for the protection of things external, non-violence is needed for the protection of the soul, for the protection of one's honour. Gandhism also points out that it is possible for one to be an internationalist without being a nationalist. Consequently the Mahatma emphasises: "For me patriotism is the same as humanity. I am patriotic because I am human and humane. The law of a patriot is not different from that of the patriarch."

S.G.B.

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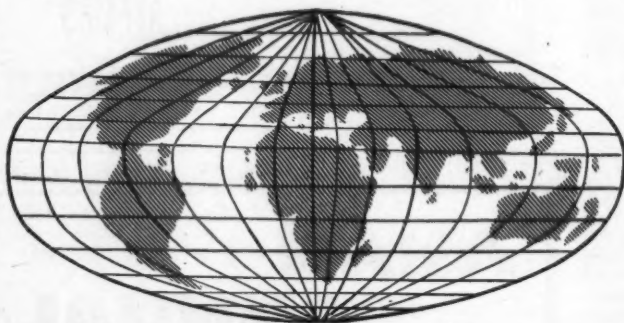
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Economics and Trade

A STUDY OF UNDERDEVELOPMENT

By L. Delgado

GONE is the day when a rich country with good intentions (or in self-defence to ease the storm centres of international relations) was content to pour money into an area simply because it was economically backward. Sometimes equipment was sent, and this was often far too complicated for the unskilled population to use.

"Backwardness" in this context might mean that the country had a low ratio of population to area, or that it was not industrialised or that it was otherwise undeveloped (as distinct from underdeveloped). A given area may well be rich in natural resources but if these are inaccessible or the country has no labour force (and no means of supporting one), then it might just as well be without these resources, and the country is not rich in the economic sense. Very often, too, it is taken for granted that high interest rates are symptomatic of a scarcity of capital whereas, as many private investors have found in many parts of the world, high rates may simply be the measure of high risks. And neither is it safe to assume that a country is ripe for capital investment because of the low ratio of capital to the other factors of production, on the ground that the marginal productivity of capital will thereby be high. There are many cases where, because of an unfavourable climate or bad government, the marginal productivity of any combination of factors will be low — conditions that may still be found in South America and the Middle East.

But perhaps the greatest error committed in this direction is to consider that a country is underdeveloped because the ratio of industrial production to total production is low or lower than it might be. It is quite possible for a country to be at its maximum prosperity under an agricultural economy. Much industrialisation in South America, for example, can be sustained only by mulcting other sections of the economy: it can be defended on political grounds or for reasons of prestige, but it may be completely uneconomic — and this is true of many other areas of the world.

In recent years a more scientific approach to the economics of underdevelopment has been discernible. The mere injection of purchasing power into a given society was soon discovered to be an error. Technical assistance of diverse kinds was allied to monetary grants and this, while a vast improvement on previous help, still suffered from the lack of sufficient knowledge of the economic implications involved: the needs of the underdeveloped areas were still being measured by the yardstick used for advanced countries. The social structure, to say nothing of the economic organisation, of each area is at a different stage of development, and the inception of a particular plan will require different considerations in each case. Nothing is more certain, for instance, that the combination of factors will differ in each area. There is being created, in fact, a new

branch of economic studies.

Literature on this new aspect of economics has been growing in the last few years. It consists mainly of lectures to learned societies or reports to official bodies, such as the United Nations, or articles in specialised journals. They are sometimes difficult to trace and are widely scattered. It is time that someone collected them and presented a selection within the covers of a single volume. This has now been done by A. N. Agarwala and S. P. Singh in *The Economics of Underdevelopment*, edited by A. N. Agarwala and S. P. Singh. (Oxford University Press, 30s.). The choice of the 21 items that comprise this work was difficult, the editor says. More papers might have been included, but those that appear could with difficulty have been left out. Many of these articles are complementary; not all see eye-to-eye on many important points, such as the influence of industrialisation or of inflation on development, but this shows how necessary it is to make a special study of the problems involved.

It is not by accident that the first item is a reprint of a lecture delivered at the National University of Brazil by Jacob Viner entitled "The Economics of Development," for here we are given a clear picture of the background against which the problem must be viewed. A true understanding of the subject presupposes the use of a criterion of what constitutes underdevelopment. We have discussed some of these, and found the classification imperfect. Viner is inclined to describe an underdeveloped country as one which has good potential prospects of using more capital or more labour or more available natural resources or all of these, to support its present population on a higher level of living, or, if its *per capita* income level is already fairly high, to support a larger population on a not lower level of living. This definition has the advantage of putting the emphasis on *per capita* levels of living and of being flexible enough to apply to densely or sparsely populated countries, to capital-rich or capital-poor countries, whether they are industrial or not, and does not exclude a country because its standard is already high. It fits in with the modern technique of equilibrium analysis of economic problems. The optimum number of the population becomes more important than the absolute number, and its quality relatively more important than its quantity. The question as to what constitutes an underdeveloped area is discussed at length in several of the papers reprinted here.

We must not forget that in considering these less fortunate areas we are dealing, in the last analysis, with human beings. It is therefore with particular interest that we read Colin Clark on population, even though not all economists might agree with some of his conclusions.

Viner has some sensible things to say about inflation, which is sometimes held to be salutary on the grounds that it encourages production. This is true, but it also involves a

shift of income from the wage-earners to the more wealthy classes (a tendency not necessarily to be deplored in every case) and it also distorts the direction of investment, possibly leading to a waste of resources — in particular, it encourages the inefficient. It is fatally easy to resort to the printing press for more money, and many underdeveloped countries have done so. The only way of creating wealth is by human effort, not by juggling with the financial mechanism.

Inflation as a possible help to development is also dealt with by Meier in his "Problem of Limited Development," and he comes to the conclusion that the help is more illusory than real. A better case can be made for protection, but here again Meier thinks it doubtful whether any possible benefit is not more than offset by losses arising from a restriction in the international division of labour. In any case, a reduction in imports will be of little use if the income formerly spent on imports is spent on home-produced goods: what is required in an underdeveloped country is that the money saved be made available for domestic capital formation.

Meier is doubtful whether the factors usually held to be responsible for underdevelopment—weak government, lack of social legislation, absence of incentives, inadequate education and poor health—provide the whole explanation, and asks whether such an economy does not contain within itself certain economic factors and forces which retard the country's rate of advance. He does not feel that a lack of resources or overpopulation provide the answer. Both in Africa and in South America the amount of resources per head is quite high. During the period of rapid growth—between 1870 and 1913—the pressure of population was not a serious problem. Indeed, in some countries, such as Ceylon and Malaya, there was a shortage of labour and immigration was necessary. But in countries where there is population pressure, development is certainly handicapped—in effect because resources go to the formation of population and not to the creation of capital. Thus overpopulation is merely a manifestation of underdevelopment. Meier therefore suggests three imperfections in the economy of these countries as reasons for their lack of development. These are market imperfections (imperfect knowledge, imperfect mobility, specificity of factors, etc.); that with low output there can be little capital accumulation after consumption needs are met; and that foreign investment results in the drain of profits and interest out of the underdeveloped economy. Had labour been organised, the workers might have obtained a greater share of the product through higher wages, but in underdeveloped countries, labour usually has little bargaining power.

This account of the transfer of profits seems to be an attack on capitalism as such. A much more reasoned argument on the same subject is found in Paul A. Baran's "On

the Political Economy of Backwardness" and in H. Myint's "An Interpretation of Economic Backwardness," where the alleged evils of foreign borrowing are attributed less to the transfer of profits and more to the mechanism of their distribution. Too little finds its way into general circulation and too much of what is not sent abroad remains in the hands of very few individuals who, with extravagant ways of living, have little left to save. Even if all the profits remained within the country the result would be the same and capital accumulation would be impossible. The fact is that no entrepreneurial class exists in the underdeveloped areas.

The low wages that exist in these areas are not due to the wickedness of the foreign capitalist: they are due to the low marginal productivity of the worker. This low productivity results from a variety of reasons — poor health, lack of skills (and lack of a desire to attain skill), lack of incentive, among others — not all of which can be much altered by technical colleges. This problem is discussed by H. Myint in the paper mentioned and more fully by Celso Furtado in "Capital Formation and Economic Development."

In advanced countries, advantage can immediately be taken of new techniques and new ways of thinking because there already exists an underlying basis of education, so that innovations are not startlingly new but are seen as a logical development of the method replaced. This outlook is almost completely absent in underdeveloped countries.

This question of capital formation is one of fundamental importance, and nearly every article in the book deals with one aspect or the other of the problems involved. Anyone who thinks that he has heard the last word on this would do well to read these pages. If we may be allowed a criticism it is that there is a disturbing tendency among some authors to follow the circumscribed thought of the classical economists. These economists down to Marshall, thought in water-tight compartments, and this line of thought is no longer professed in London, where equilibrium analysis is the system used to examine these and other economic problems. The consideration in isolation of any single economic problem is held to be of academic interest only. This is not to say that theory is not useful: indeed, all effective policies must be firmly based on sound theory.

It is true that no new economic theory is involved, but a new application of existing thought is required in the underdeveloped areas. This represents a new branch of economic knowledge, and this has been well served by this important book. Is the time not opportune to establish a new course of study at some University — say in the West Indies, in Malaya or some other suitable centre — on the economics of underdeveloped areas?

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INDIA'S BUDGET 1959-60

IN most countries the annual budget is nowadays much more than an attempt to establish an equilibrium between revenue and expenditure and there is hardly a country where the State does not influence and actively interfere with the working of the country's economy. The fight against inflation and against stagnation (or possible recession) respectively determines the drawing up of a state budget. Budgets clearly reflect the political views of the Government of the day, and may sometimes include features which are unpopular with some strata of the population, and on the other hand are sometimes used to enhance the prestige of the Government with the electorate (particularly when the budget is announced shortly before an election).

In the case of countries which have embarked on the path of economic development at a higher rate than in the past, additional problems (connected with the financing of the development schemes and all its consequences) are to be taken into account in the drawing up of the budget. In countries like India the budget is, in fact, to be considered as a part of economic plans which are extended over several years and not only as an entirety in itself.

In India, where the economy is composed of public and private sectors (both of which should in accordance with the Indian Government's plans play an important part in the economic development of the country), and where the execution of development plans requires financial investments from abroad in various forms from friendly states and private foreign enterprise, it is a very difficult task, indeed, to draw up a budget. The budget has to assist the execution of the Plan's targets, including that of raising the living standards of the steadily increasing population, provide incentives for higher production and productivity, to avoid excessive hardships for various strata of the population, and to provide a favourable climate for foreign investors. It may be possible to argue about the general principles of the Indian Government's political and economic policy, and the importance allocated in the over-all Plans to the new sectors of the country's economy. It is possible to argue whether the Government's programme is too much influenced by socialist thinking or is not going far and fast enough from a radical socialist point of view. But if one accepts the principles of the Indian Government's political and economic policy and takes into account the present situation, then one can congratulate Mr. M. Desai on his first budget.

The new budget shows an increase in estimates of expenditure and reflects an optimistic assessment of India's political and economic conditions, and while deficit financing is to continue, it is felt that the 1959-60 deficit will be easier to bear than in previous years, because of favourable developments in agriculture and industry.

The cut in the Defence Services expenditure by about 10 percent as against the revised expenditure in the 1958-59 budget provides additional sums for expenditure on productive development. Some criticism has been levelled against larger allocations for civil administration, the second biggest item in the expenditure. But it is difficult at this stage of the country's development (at least without going into a very detailed analysis) to see how this trend could be avoided.

The financing of the development programmes calls for

additional resources from within the country and from abroad. On the internal front there was a recent improvement in the supply of rupees through banking organisations. But a further mobilisation of "unproductive" assets in the hands of Indian citizens for the country's development should be considered. In securing foreign currency, which is needed for the execution of the Plan, the new budget definitely creates a better climate for foreign investors by changing the taxation of companies and various other measures.

On the revenue side the budget provides for higher income from union excise duties which means that even if there is no change in the standard rate of taxation for individual taxpayers the increased tax is to be borne by the consumers, and some concern has been expressed about a possible increase in living costs. On the other hand, it is estimated that in 1958-59 the national income was, by about five percent, higher than that of the previous year, and it is to be expected that in 1959-60 the national income will show a further increase. In this case it would be possible to secure a total revenue of Rs. 780.86 crores in 1959-60 (as against Rs. 728.2 crores in 1958-59) without placing an additional burden on the country's economy. The problem, however, which faces all countries to-day (and particularly those where due to execution of development projects the volume of production is increasing) is the problem of productivity. There is no doubt, that there is a dire need for India and other developing countries to pursue the path of continuously increased volume of production. But it is to be stressed that these countries would reap the full benefits of the increased production only if higher production goes hand in hand with greater efficiency in all fields (including administration and management) and higher productivity.



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PROGRESS IN DURGAPUR

THE construction of steel plants — as the basis of industrialisation — is receiving top priority in India.

There are a number of steel plants already in the country, the most prominent being TISCO, the Tata concern, in the private sector, and three are being built in the public sector. Of the latter Bhilai, in Madhya Pradesh and Rourkela in Orissa put their blast furnaces into operation in January, while Durgapur in West Bengal should begin work in October of this year. These steel projects are situated in a line stretching from Bengal towards the south-west, following the seam of iron ore deposits running along India and nestling around the main coal mines. The line of steel plants ends at Bhadrachalam in Mysore which is not as big as the other works because there is no coal in the area.

The three steel plants under construction are administered by one company, Hindustan Steel Ltd., Delhi, of which the President of India is the sole shareholder with the additional privilege of electing the whole board. There are four types of directors: (1) wholtime: comprising the chairman, and the directors of Finance and of Engineering; (2) wholtime executives, i.e. managing directors of the three plants; (3) part-time senior government officials; (4) two non-officials: an industrialist and a politician (the latter being a Socialist MP).

The three steel plants are being built with foreign help

under widely differing systems of contracts. The Bhilai plant is being constructed under agreement with the Russians. They supply all equipment, provide technical supervision, but leave the responsibility of construction to Indian engineers with whom they work side by side. At Rourkela, the Indian Government has made individual contracts with separate West German firms, different departments being responsible for different contracts, and the work there has consequently suffered from over-departmentalisation. At Durgapur, the latest of the three contracts, the Government had to take into account the shortage of skilled men, which made it impossible to carry out another construction on the Bhilai pattern. Nor did it seem desirable to involve the administrative machine into too many technical responsibilities. After detailed and prolonged negotiations in Britain and India, a package deal was signed by which the complete steel plant would be erected and supplied by ISCON, a British consortium.

The main impression at Durgapur is that of calm, business-like efficiency. Everything seems to be falling into its appointed socket without fuss. The plant appears to grow almost under the eyes of the visitor. Except for the swarms of unskilled labourers carrying baskets of earth on their heads, the site is a picture of almost complete mechanisation.

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million tons, and near enormous coal fields, the Durgapur plant will cover six sq. miles and employ about 15,000 workers. The design of the works now under construction is highly modern with an excellent lay-out providing a model system of connecting the various units. The plan not only provides room for doubling the plant at a later date, but the actual sites for building of a duplicate set of units have been mapped out, thus constituting a complete shadow plan. Durgapur will also possess its own coal washing plant, situated on the road from the coalfields.

The General Manager of Durgapur is Mr. K. Sen, ICS, a former Director of Industries in the West Bengal Government and onetime Joint Secretary of India's Ministry of Industries and Supply. Before taking up his present duties, Mr. Sen was Secretary of Agriculture and Irrigation of West Bengal. Sitting in his rough and ready office, Mr. Sen is dedicated to his hard work and to the success of his future steel plant. It was there that he told EASTERN WORLD of his hopes and some of his difficulties. Durgapur, he said, will produce one million tons of steel yearly, mostly constructional steel, but also wheels and axles for the railways. He is completely confident that everything will go according to plan, and is highly satisfied with the efficiency and the co-operation he receives from ISCON. "We are not running a race against anybody" he said. "We have target details for October this year, some for April 1960, and some later. Should there be no great disturbing features, and unless anything unforeseen happens, there is no reason why these targets should not be fulfilled."

While ISCON are supplying everything, including Indian materials, the Durgapur administration under Mr. Sen is responsible for transporting everything from the port in Britain to ISCON on the site. The transportation of such masses of materials presents its own problems. Calcutta Port has only a limited capacity, and in order to expedite supplies, Mr. Sen built a jetty 30 miles up the Hooghly River. Though it can only tackle 5-ton loads at a time, it has been of enormous help. Similarly, Durgapur cannot always rely on the capacity of the Indian railways, and frequently material is transported directly to the site from the jetty by road.

While seeing to it that construction material is arriving smoothly, Mr. Sen's great headache is to prepare now for the running of the plant. It is difficult to get experienced men, as the existing steel plants cannot spare experts for three more plants, particularly while they themselves are expanding. But there are some small rolling mills and furnaces in various parts of India, and Mr. Sen is able to attract a trickle of future staff from that source. In addition, Durgapur is recruiting young engineers who receive training abroad as well as in India. There are at present 12 senior officers and 80 engineers, trained in the UK, US and Australia, on Mr. Sen's staff preparing themselves for the moment when Durgapur goes into production.

While the construction of the steel works progresses, the preparations for operation poses other problems, housing in particular. There will be a stage when operation and construction are going on at the same time. "This means," Mr. Sen said, "we shall have to maintain for some time a large operational as well as constructional organisation." The township now being built covers 12 sq. miles and is planned for 50,000 people. But most probably, the population will be much larger than initially planned, as Durgapur attracts other institutions. It looks as if it will become a large industrial and scientific centre within a very short time and

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it seems certain that an Engineering College and a Central Mechanical Engineering Research Institute will be established in the future township.

"But all these are minor headaches" Mr. Sen said. He expressed satisfaction that detailed planning and long discussions had ensured that the plant itself was growing according to plan, and could find nothing but praise for the co-operation of ISCON.

Civil Engineering at Durgapur

ALL civil engineering work at Durgapur — with the exception of that involved in the construction of the coke ovens, the power station and its ancillary works — is being undertaken by The Cementation Company Limited. This Company has formed an association with the Patel Engineering Company Limited of Bombay, so that Cementation-Patel represents an outstanding example of cooperation between British and Indian firms. Cementation-Patel is carrying out civil engineering work to the approximate value of £12 million and its present output is worth some £500,000 a month.

The administrative, engineering and supervisory staffs total 450, of whom 50 are British. They control a locally-recruited labour force of approximately 5,000, and their efforts are supplemented by a wide range of the most modern construction plant — including excavators, mobile cranes, large tractors, scraper units, aggregate processing plant, and concrete batching equipment of the most up-to-date design. Comprehensive soil investigation carried out in the early stages of this project indicated the need (not previously envisaged) for extensive piling to many of the foundations. This involved major design modifica-

tions, which resulted in the incorporation of more than 12,000 bored piles of an average depth of 25 feet. The type of bored pile used has been developed by The Cementation Company and successfully applied to many different types of foundation all over the world.

Cementation-Patel is responsible for the design and construction of the water and drainage systems at Durgapur — together with 20 miles of roads and 70 miles of railways. Water is obtained from the Damodar River, and has to be settled and filtered before being distributed for use throughout the works. Some 50 miles of piping are involved in the drainage and sewerage systems alone. The 20-mile road network, when completed, will provide well designed access to all parts of the works. The extensive internal railway system will connect with large marshalling sidings, equipped to deal rapidly with the continual flow of both incoming raw materials and outgoing finished products traffic.

In addition, a formidable earthmoving task is being undertaken involving the excavation and dumping of some four million cubic yards of material. The heavy earthmoving fleet was in action on the site — consisting originally of sparse jungle and paddy fields — within seven days of the signing of the contract in October 1956. This in itself was a remarkable feat of organisation. Moreover, the excavation work has had to be most carefully planned, and a very high schedule adopted, to take the fullest possible advantage of working seasons restricted to the October-May period by monsoon rains.

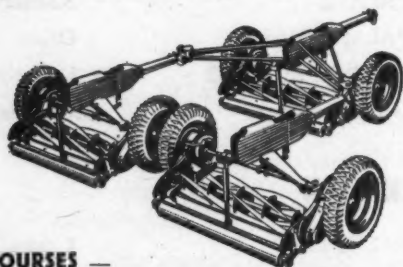
A notable item of construction equipment is the concrete batching plant, which has been designed on the basis of an output of dry mixed concrete amounting to 120 cubic yards an hour. Gravel for this plant is readily available in adequate quantities from nearby sources, but it has to be washed and carefully graded into appropriate sizes before batching with sand and cement. Dry batching has been adopted to preclude any possibility of premature setting of wet concrete during transportation in a sun temperature of 120 deg. F. or even higher. Standard Foden lorries, which are also used for heavy excavation, have been specially adapted for this operation.

The dry batches are taken to the construction sites, where the water is added in 1 cubic yard mixers, and subjected to very close control of the water/cement ratio. The fleet of 15 concrete transporter lorries is controlled by radio-telephone from the batching plant.

There are about 500,000 cubic yards of reinforced concrete in foundations, and the current rate of concrete placements is 30,000 cubic yards per month. To ensure that standards of materials and workmanship are maintained, Cementation-Patel have on site an engineering control organisation with well equipped laboratories, staffed by specialists in soil mechanics and concrete technology.

The procurement and control of stores is vitally important on this great project, for many materials are in short supply in India. The maintenance of adequate working stocks is vital, and the system has been designed to give immediate indication of stocks falling below the critical level. The value of present stocks of materials is approximately £1,500,000. The modern methods adopted to control the stores is indicative of the highly organised system established by Cementation-Patel — to ensure that everything possible is done to enable this particular part of the Durgapur project to be completed on time.

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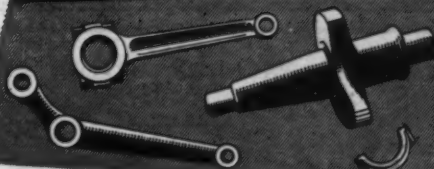
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INDUSTRIAL AND COMMERCIAL NOTES

CHINA BUYS MORE WOOL

The latest reports from Australia show that in current sales China is buying three to four times as much greasy wool as last year. These heavy purchases are bought in connection with the Chinese Government's plan to establish new scouring plants and are described as a result of a visit to Australia by a group of Chinese wool and textile experts. In the past the bulk of China's wool purchases in Australia consisted of soft and scoured wool, and during the present sales China is continuing heavy buying of these types of wool. As a result of including greasy wool in the purchases, it is expected that the value of China's total imports of Australian wool this year will be considerably higher than last year's figure of £6.4 million.

JAPAN'S WOOL INDUSTRY'S ACTIVITIES

In 1958 Japan imported 277.2 million lb. of wool as against 291.7 million lb. and 277.2 million lb. in 1956 and 1957 respectively. The output of woollen and worsted yarns declined from 116.1 million lb. in 1957 to 92.7 million lb. in 1958.

However, the output of woollen and worsted fabrics increased from 205.5 million sq.m. in 1957 to 223.7 million sq.m. in 1958.

UK exports of wool tops to Japan during the first two months of 1959 amounted to 898,000 lb. valued at £349,867 as against 246,000 lb. valued at £125,019.

FORMOSA TO DOUBLE WOOL PURCHASES

Formosa is to double its purchases of Australian wool and place large orders for dairy cattle. Mr. T. K. Chang, the leader of a trade delegation from Formosa visiting Australia, said in Sydney that Formosa would buy wool worth £1,200,000 this year, and continue wool purchases at this level. Orders would be placed for 2,500 dairy cattle on a long-term contract over the next ten years.

TRACTORS FOR PAKISTAN'S SMALL FARMS

According to Mr. Mumtaz Mirza, Chairman of Pakistan's Agricultural Development Finance Corporation, every endeavour should be made to increase

the productivity of Pakistan's small farms.

His Corporation has arranged to import two Japanese hand-propelled tractors for the purposes of experimenting and studying its usefulness from the point of view of Pakistan requirements. The cost of these hand-operated tractors is only Rs. 2,400, and if this is introduced, it would revolutionise the conditions of agriculture. Its maintenance cost compares favourably with the cost of cultivation by bullock power.

ENTERPRISING SWEDES

Some Swedish firms advertise in West German papers Japanese binoculars, small wireless sets etc., which can be ordered from Sweden and imported by West German private buyers under the German "Everybody's Programme" (according to which every German can import goods up to DM 100 — about £8 — by paying import duty but not requiring an import license). At present there is no valid trade agreement between Japan and West Germany and the import quotas for Japanese goods of optical, radio industries as well as for sewing machines are comparatively low.

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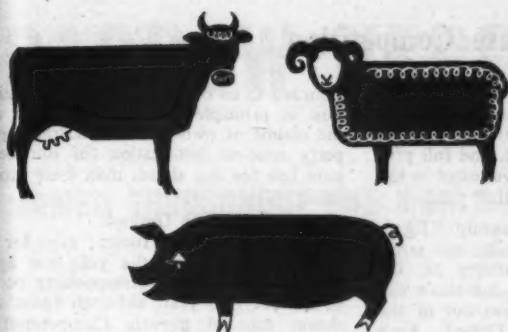
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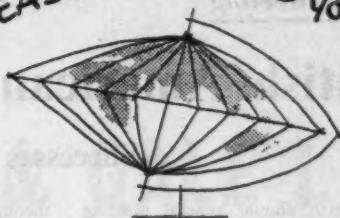
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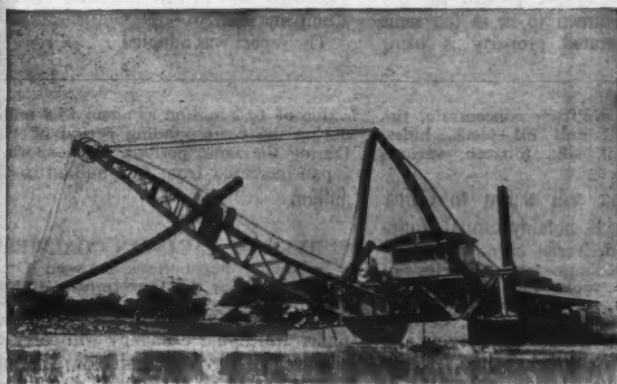
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Company Meeting

British American Tobacco Company Limited

Successes Against Intense Competition

The fifty-sixth annual general meeting was held on March 25 in London. Mr. D. M. Oppenheim in the course of his speech said: For the year under review, the Consolidated Trading Profit would have been higher than that for the previous year, but for the effect of the marked reduction in the exchange value of certain overseas currencies in countries where the Group has a considerable volume of trade. This depreciation in exchange has appreciably reduced the sterling value of the higher currency profits earned in those countries.

Increased competition, apart from any effect it may have on volume, must tend to result in lower profit margins due to increased advertising and distributive expenses and the need to absorb as far as is practicable the continuing increases in the cost of manufacture. Nevertheless, it can be said that the extent to which Group sales and profits have declined in the face of competition in some areas has been offset by successes against competition in other areas.

"Egyptianisation"

You will no doubt expect me to say something about our interests in Egypt. These consisted of a substantial shareholding in Eastern Company S.A.E. (held

through one of our United Kingdom subsidiaries). These shares were put under sequestration as a result of the Suez action at the end of October, 1956, and full provision was made for the investment in the Consolidated Accounts for that year.

The shares were subsequently "Egyptianised." Consequently, under the terms of the Agreement of February 28, the shares will not be returned, but there will be a claim for compensation out of the £27,500,000 which the United Arab Republic has agreed to provide in full settlement for "Egyptianised" property.

That figure of £27,500,000 falls far short of the total amount likely to be claimed. Although some claims may have been exaggerated, there can be no question as to the basis of our claim, which is a substantial proportion of the sum available. Our claim has been valued at the Cairo Bourse quotation of October 27, 1956, the last quotation for Eastern Company's shares prior to the Suez incident.

I must confess our disappointment that Her Majesty's Government has accepted the "Egyptianisation" of our shares in Eastern Company. In our view, the UK negotiators should have pressed for our shares to be returned to us in the same way as sequestrated property is being

returned to its owners. There is no distinction in principle between our claim and the claims of owners of sequestrated property and no justification for our being paid less for our shares than their proper value.

The Outlook

With regard to our future: sales for the first five months of the year are again higher than for the corresponding period of the previous year, although again at a slower rate of growth. Competition in some markets remains intense and the cost of manufacture and tobacco taxation in many countries continues to rise. On the other hand, we should expect to benefit from increased manufacturing efficiency and from the results of our extensive research and the use of modern manufacturing techniques. Whilst I would not like to forecast an increase in the Consolidated Trading Profit for the year, especially in view of the effect of changes in rates of exchange of overseas currencies, taking into account the further reduction likely in the charge for United Kingdom Profits Tax, I am reasonably hopeful that there will be a moderate increase in the share of the Group Net Profit dealt with in the Accounts of British-American Tobacco Company itself.

The report was adopted.

DART HERALD FOR INDIA

The Handley Page Dart Herald, the world's latest propjet branchliner, will leave shortly on an extensive demonstration tour of India and other countries. This plane is especially intended for local-traffic conditions to be found in India and many other parts of the world, and can operate from small airstrips. It can serve communities off the main air routes and in unhelpful terrain. The Dart Herald can carry up to 47 passengers or five tons of cargo.

CZECHOSLOVAK — CHINA TRADE AGREEMENT

An agreement on Exchange of Goods and Payments for 1959 between Czechoslovakia and the Chinese Peoples Republic was signed on March 12, in Prague. According to the agreement the volume of mutual deliveries of goods will be some 12 percent higher than last year. China will increase her delivery of rice, cotton, fodder, molybdenum ore and mercury. For the first time she will deliver to Czechoslovakia grain, in addition to pig

iron, iron ore, wolfram concentrate, tin, soya beans, oil and oil seeds, hides, fleece and wool, silk, tobacco, various food-stuffs, etc.

Czechoslovakia will export to China industrial products, notably capital equipment in which deliveries of power equipment will predominate; deliveries of heavy machine tools and small hydro-electric stations, suitable for the villages, will increase markedly. Further, Czechoslovakia will deliver to China forging and pressing machines, diesel engines, electric engines, superchargers, tractors, various instruments, chemicals, etc.

UK-JAPANESE TRADE AGREEMENT

The trade arrangements between the UK and Japan which were concluded in April, 1958 and covered the year ending March 31, 1959, have been extended for another year to March 31, 1960. The quotas, including the Japanese import quota for UK wool textiles, remain the same.

During the first two months of 1959 UK imports from Japan have reached the

value of £8.2 million as against £5.8 million during the corresponding period of 1958. During the same periods, UK exports to Japan increased from £3.1 million to £5.0 million.

SURVEY OF PAKISTAN COALFIELDS

Following negotiations between Dr. I. H. Usmani, for the Government of Pakistan, and Powell Duffryn Technical Services Limited, a contract has been agreed under which the Company will carry out a survey of Pakistan coalfields. The main objectives are to improve operating techniques at existing mines, and to recommend what further work should be carried out for prospecting new areas, by drilling, and other means, and for the development of the industry, including the better grading of coal and the manufacture of briquettes.

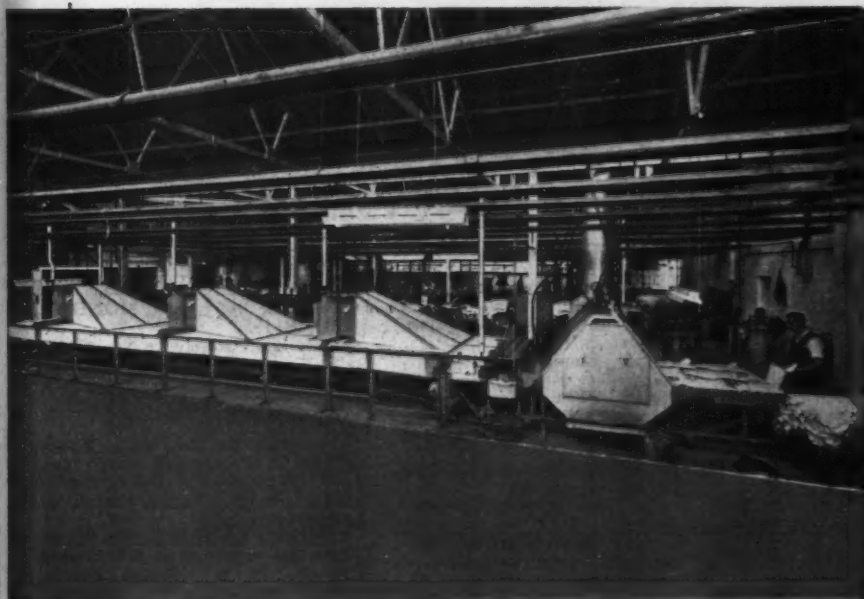
SWISSAIR: ANOTHER AGENCY

Swissair will act as Japan Air Lines' general sales agency in Switzerland following the conclusion of an agreement between the two airlines.

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A GERMAN SHIPBUILDER ON ASIAN MARKETS

Many Asian ships are overhauled and repaired in shipbuilding yards in the Port of Hamburg, and according to Lloyd's Register of Shipping four ships of 35,900 tons were launched at West German yards for registration in India in 1958. A number of ships for Scindia and other Indian shipping lines are at present under construction at the Luebeck and Hamburg shipbuilding yards.

Herr Th. Schecker, Director-General of the Howaldt shipbuilding yard in Hamburg, has described the Asian markets as "vital to German shipbuilding industry." Seventy percent of the ships built in West Germany were for export, and the industry looks to Asia as the big potential market.

Herr Schecker, in an interview with Eastern World, said his company had established good contacts with an Indian shipping line by carrying out repair work for them, and later orders for new construction were placed by the same line with his company. Indonesia was building up her coastal merchant navy which would lead to the establishment of her own sea-going merchant navy later. Herr Schecker was convinced that the time is not far off when China would be in the market for placing shipping orders, and Pakistan and the Philippines were also interested countries. In addition to traditional competitors the German shipbuilding industry had to face competition from Japan which offered very extensive credit terms as well as from east European countries.

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TENDERS

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WELDABLE SEAMLESS STEEL TUBES:—

	Quantity Feet
(a) 1.7/8"/1.1/2" Dia.	7,500
(b) 5.1/4"/4.5/16" Dia.	950
(c) 1.3/4"/3/32" Square.	46,500
To DIN. 1629.	

Forms of tender may be obtained from the above address on or after the 3rd April 1959, at a fee of 10/- which is not returnable. If payment is made by cheque, it should please be made payable to "High Commissioner for India." Tenders are to be delivered by 2 p.m. on THURSDAY 14th MAY, 1959.

Please quote reference No.
44/58/RLY.

The office of the India Supply Mission, 2536, Massachusetts Avenue, N. W. Washington 8 D.C., United States of America, invites tenders for the following:—

- (a) Tender Enquiry No. S.E.19.
"For the Supply of 75,000 lbs./hr. watertube boiler 450 p.s.i./750°F with feed pump, evaporator and piping extensions etc."
- (b) Tender Enquiry No. S.E.37.
"For the Supply of 66KV Power Circuit Breakers required by Bhadra Generating Station and Shimoga Receiving Station."
- (c) Tender Enquiry No. S.E.44.
For the Supply of:—
(i) 48 inch Centre-Slung Centrifugal.
(ii) 40 inch Over driven - Suspended. Type Centrifugal."
- (d) Tender Enquiry No. S.E.48.
"For the supply of 132 KV/25 KV Control Panels required by Damodar Valley Corporation/West Bengal State Electricity Board India."

Specifications etc., regarding the above enquiries can be obtained direct from the Coordination Branch, India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3. at a cost of:

- (a) £5 7s. 3d. per tender.
- (b) £1 15s. 9d. per tender.
- (c) £1 15s. 9d. per tender.
- (d) £3 11s. 6d. per tender.

Tenders are to be returned direct to India Supply Mission, 2536, Massachusetts Avenue, N.W. Washington 8 D.C. United States of America, so

as to reach them by:—

- (a) to be publicised later
- (b) 7th MAY, 1959
- (c) 29th APRIL, 1959
- (d) 18th MAY, 1959

Specimen copies of the above enquiries can be seen at India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3. under following references:

- (a) S4291/58/NSC/ENG.2.
- (b) S4316/58/NSC/ENG.2.
- (c) S4358/58/NSC/ENG.2.
- (d) S4437/58/NSC/ENG.2.

The Director General of India Store Department, Government Building, Bromyard Avenue, Acton, London, W.3, invites tenders for the supply of:—

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Mild Steel Sheets extra deep drawing quality 48" x 20.1/4" x 20 B.C. 1,370

Forms of tender may be obtained from the above address on or after the 24th April, 1959, at a fee of 10s. which is not returnable. If payment is made by cheque, it should please be made payable to "High Commissioner of India." Tenderers must send their tenders so as to reach this Office latest by 1 p.m. MONDAY, 1st JUNE, 1959.

Please quote Reference No. 47/58/RLY.

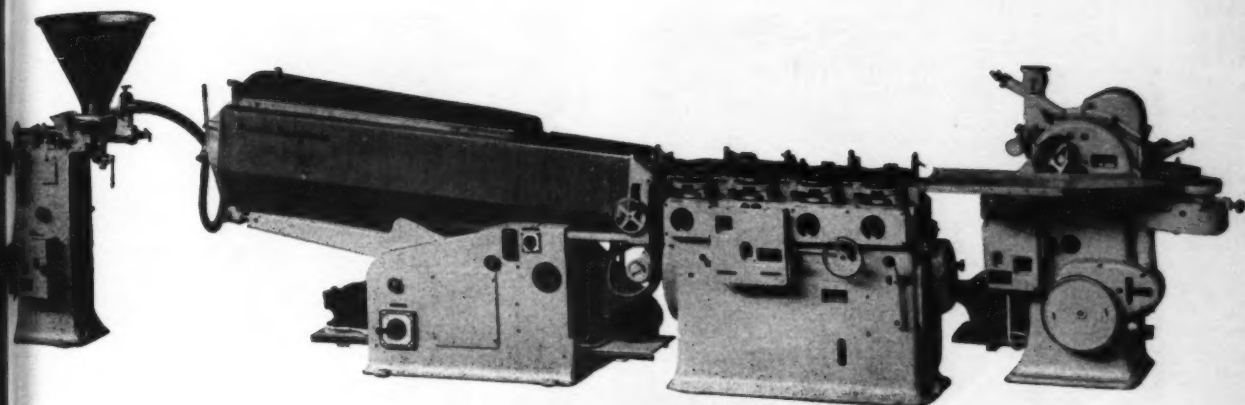
The office of the India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington, D.C. United States of America, invites tenders for the following:—

TENDER ENQUIRY NO. SE.40. "For the supply of 66 KV Control Panels, 11 KV Switch Boards, Battery Charging Sets required, for Bhadra Generating Station."

Specifications, etc. regarding the above enquiry can be obtained direct from the Coordination Branch, India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3 at £1 15s. 9d. per tender. Tenders are to be returned direct to India Supply Mission, 2536 Massachusetts Avenue, N.W. Washington D.C. United States of America, so as to reach them by 14th MAY, 1959.

Specimen copy of the above specification can be seen at India Store Department, Government Buildings, Bromyard Avenue, Acton, W.3 under reference S.43/58/NSC/ENG.2.

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